



GROWING TOGETHER

The Oklahoma City Public Transportation & Parking Department

Annual Financial Report | the City of Oklahoma City, Oklahoma | for the Fiscal Year ended June 30, 2012

THE OKLAHOMA CITY PUBLIC TRANSPORTATION AND PARKING DEPARTMENT

Blended Operations of the Central Oklahoma
Transportation and Parking Authority, a Discrete Component Unit of
Oklahoma City, Oklahoma and the Transportation and Parking
Enterprise Funds of the City of Oklahoma City, Oklahoma

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James D. Couch, City Manager

Annual Financial Report for the Fiscal Year Ended June 30, 2012

Prepared by The Oklahoma City Finance Department, Accounting Services Division
Glen D. Earley, Controller

Introductory Section

**OKLAHOMA CITY
PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

TABLE OF CONTENTS

For the Fiscal Years Ended June 30, 2012 and 2011

	PAGE
Transmittal Letter	ii
City of Oklahoma City Transportation and Parking Department Organization Chart	iv
Independent Accountants' Report on Financial Statements and Supplementary Information	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
<i>Department-wide Financial Statements:</i>	
Statements of Net Assets	10
Statements of Revenues, Expenses, and Changes in Net Assets	11
Statements of Cash Flows	13
<i>Division Financial Statements:</i>	
Statements of Net Assets	14
Statements of Revenues, Expenses, and Changes in Net Assets	15
Statements of Cash Flows	16
Division Combining Financial Statements:	
<i>Transportation Division:</i>	
Statements of Net Assets	18
Statements of Revenues, Expenses, and Changes in Net Assets	19
Statements of Cash Flows	21
<i>River Cruises Division:</i>	
Statements of Net Assets	22
Statements of Revenues, Expenses, and Changes in Net Assets	23
Statements of Cash Flows	25
<i>Parking Division:</i>	
Statements of Net Assets	26
Statements of Revenues, Expenses, and Changes in Net Assets	27
Statements of Cash Flows	29
COTPA Retirement Trust:	
Statements of Plan Net Assets	30
Statements of Changes in Plan Net Assets	31
Notes to Financial Statements	32
Required Supplementary Information:	
Defined Benefit Pension Trusts	69
Other Post-Employment Benefits Trusts	70
Supplementary Information:	
<i>Authority Funds:</i>	
Schedules of Net Assets	72
Schedules of Revenues, Expenses, and Changes in Net Assets	73
Schedules of Cash Flows	75
<i>Enterprise Funds:</i>	
Schedules of Net Assets	76
Schedules of Revenues, Expenses, and Changes in Net Assets	77
Schedules of Cash Flows	79
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	81



December 10, 2012

The Board of Trustees of the
Central Oklahoma Transportation and Parking Authority
Honorable Mayor and City Council

The Oklahoma City Public Transportation and Parking Department (Department) annual financial report (annual report) provides a comprehensive overview of the Department's financial position and the results of operations during the past fiscal year. It complies with reporting requirements specified by Oklahoma State Statutes and the dictates of effective financial management practices. The City of Oklahoma City (City) Finance Department, Accounting Services Division, prepared this report in compliance with accounting principles generally accepted in the United States of America (U.S. GAAP). It is fairly stated in all material respects. Responsibility for the accuracy of the reported information and the completeness and fairness of the presentation, including disclosures, rests with the Department.

The Department's annual report includes the report of independent accountants, management's discussion and analysis (MD&A), Department-wide, division, and fund financial statements, related notes, and required supplementary information. Management's narrative on the financial activities of the Department for the fiscal year ended June 30, 2012, is in the MD&A section of this report, immediately following the independent accountants' report on financial statements and supplementary information. The Department is included within the City's Comprehensive Annual Financial Report (CAFR).

The Department consists of the combined financial transactions of the Central Oklahoma Transportation and Parking Authority (Authority), a discrete component unit of the City, and the Transportation and Parking Enterprise Funds of the City. Services and activities of the Department, provided on behalf of the City, include financing and operation of ground and river transportation and parking services available to the public.

The Authority was established on February 1, 1966, to plan, establish, develop, acquire, construct, purchase, install, repair, enlarge, improve, maintain, equip, finance and refinance, operate and regulate public transportation systems and facilities and public parking systems and facilities within and outside the territorial boundaries of the City.

The City Enterprise Funds were established in July 1989 in connection with an agreement between the Authority and the City that allows the management of the day to day operations of the transportation and parking systems to be conducted by the City.

The current economic environment and the economic outlook for Oklahoma City remain very positive. Because of a cost of living rating consistently below the national average; a strong industry presence; low commuting times; convenient airline travel; quality education, entertainment and sports opportunities; favorable weather; and a central location, Oklahoma City continues to receive numerous top accolades for metropolitan cities in the United States, many of which were a number one ranking. This promises an immediate and sustainable economic growth outlook for the next several years.

In a report of the 2012 Economic Forecast: State and Oklahoma City Outlook, prepared by The Steven C. Agee Economic Research & Policy Institute of Oklahoma City University (Institute), the Institute reported the U.S. national economy is still in a recovery mode. However, the Institute reported in Oklahoma nearly all jobs have been recovered or projected shortly for recovery, indicating the issue for Oklahoma City is now one of sustainable trajectory. While there were impacts of the economy for Oklahoma City, many of the effects of the recession were largely passed over according to this report. In addition to job recovery and as a result of it, sales tax receipts have been impressive and were projected by the Institute to grow by 3.15% in FY 2012 and 1.84% in FY 2013. Sales tax receipts, which are evaluated to determine the health of the economy of Oklahoma City, exceeded these projections in FY 2012, increasing by 6.43%.


Any economic outlook is predicated on sustainable factors. The City Council has a continuing priority to its citizens to fulfill the promises made to them with regard to completing the projects established in voter initiatives to invest in the City. In addition, the City Council is focused on pursuing a financial model that provides adequate resources to meet the expectations for services as Oklahoma City grows and maintaining strong financial management that is evidenced by the highest possible rating of the City's General Obligation bonds by both Moody's and Standard and Poor's.

The economy in Oklahoma City has been strong in the past two years and the future for Oklahoma City is bright. Oklahoma City is poised to meet the challenges of the future as it has done so well in the past.

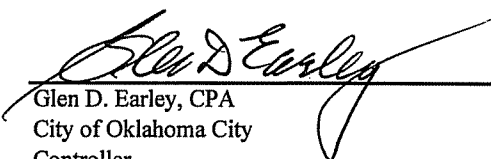
The Mayor (or his appointed surrogate), the City Manager (or his appointed surrogate), and the City Finance Director, serve as the Authority's Trustees with five other Trustees appointed by the Mayor and approved by the Council. The Department participates in the City's comprehensive accounting and budgetary system. Interim financial statements provide Authority management and other interested readers with regular financial analysis. Additionally, the Department's management maintains budgetary controls to ensure effective financial oversight.

In compliance with statutory requirements, the Department engaged BKD, LLP to conduct its annual audit. The Department acknowledges the professional and competent services of its independent accountants.

Respectfully submitted,

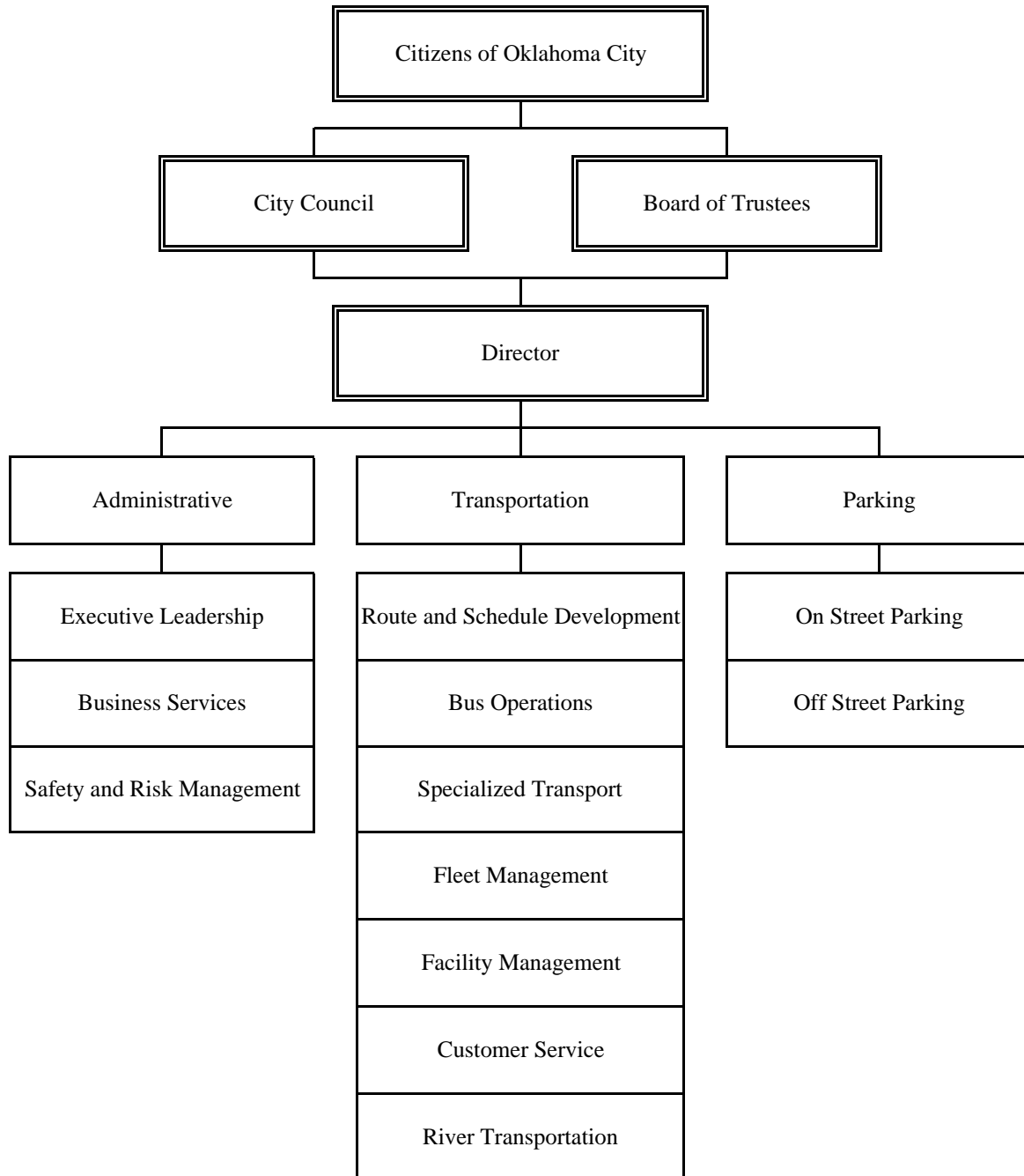


Richard Cain
City of Oklahoma City
Public Transportation and Parking Director



Glen D. Earley, CPA
City of Oklahoma City
Controller

City of Oklahoma City Transportation and Parking Department Organization Chart



Financial Section

Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Trustees
Central Oklahoma Transportation and Parking Department
Oklahoma City, Oklahoma

We have audited the accompanying financial statements of the business-type activities, each major fund, and the discrete component unit of the Oklahoma City Public Transportation and Parking Department (the Department), including Central Oklahoma Transportation and Parking Authority, a component unit of the City of Oklahoma City, Oklahoma (the City), as of and for the years ended June 30, 2012 and 2011, which collectively comprise the Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Department's management. 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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As discussed in *Note I.B.1*, the financial statements of the Department are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities, each major fund and the discrete component unit information of the City that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2012 and 2011, the changes in its financial position or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the discrete component unit information of the Oklahoma City Public Transportation and Parking Department as of June 30, 2012 and 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in *Note III*, the previously issued 2011 fund level financial statements have been restated. Our previously issued report on those financial statements dated December 2, 2011, is no longer to be relied upon because the previously issued fund level statements were materially misstated and that report is replaced by this report on the restated 2011 fund level financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2012, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

BKD, LLP

December 10, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Oklahoma City Public Transportation and Parking Department (Department) annual financial report, the Department's management provides narrative discussion and analysis of the financial activities of the Department for the fiscal years ended June 30, 2012 and 2011. The Department's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Introductory information is available in the transmittal letter which precedes this discussion and analysis. The Department consists of the blended operations of the Central Oklahoma Transportation and Parking Authority (Authority), a discrete component unit of the City of Oklahoma City (City), and the Transportation and Parking Enterprise Funds of the City.

Financial Summary

- Department assets exceeded liabilities by \$55,557,439 (net assets) for 2012. This compares to the previous year when assets exceeded liabilities by \$46,015,098 (net assets).
- Total assets for the Department decreased by \$1,308,429 (2.1%) to \$62,264,420 during the fiscal year. This compares to the previous year when assets decreased by \$100,773.
- Total liabilities for the Department decreased by \$10,850,770 (61.8%) to \$6,706,981 during the fiscal year. This compares to the previous year when liabilities decreased by \$1,974,183.
- Total net assets are comprised of the following:
 - (1) Investment in capital assets, net of related debt, in the amount of \$38,016,936 at June 30, 2012 and \$32,589,884 at June 30, 2011 includes capital assets, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Restricted net assets of \$0 and \$1,716,756 at June 30, 2012 and 2011, includes restricted for debt service of \$0 and \$1,716,756, respectively.
 - (3) Unrestricted net assets of \$17,540,503 at June 30, 2012 and \$11,708,458 at June 30, 2011.

Overview of the Financial Statements

This discussion and analysis introduces the Department's basic financial statements. The basic financial statements include: (1) Department-wide financial statements, (2) division financial statements and division combining financial statements, (3) fiduciary financial statements, and (4) notes to the financial statements. The Department also includes in this report additional information to supplement the basic financial statements.

Department-wide Financial Statements

The Department's annual report includes three Department-wide financial statements. These statements provide both long-term and short-term information about the overall status of the Department and are presented to demonstrate the extent the Department has met its operating objectives efficiently and effectively using all the resources available and whether the Department can continue to meet its objectives in the foreseeable future. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The first of these statements is the statement of net assets. This is the statement of position presenting information that includes all of the Department's assets and liabilities, with the difference reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Department as a whole is improving or deteriorating and identify financial strengths and weaknesses and assess liquidity.

The second statement is the statement of revenues, expenses, and changes in net assets which reports how the Department's net assets changed during the current fiscal year and can be used to assess the Department's operating results in its entirety and analyze how the Department's programs are financed. All current year revenues and expenses are included regardless of when cash is received or paid.

The statement of cash flows reports the inflows and outflows of Department cash.

Information for the City and the Authority Departmental Funds are found in the combining statements in a later section of this report.

Division Financial Statements

The division financial statements and division combining financial statements report services for which the Department charges customers a fee. Services are provided to customers external to the Department for public transportation and parking.

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

Fiduciary Financial Statements

The Central Oklahoma Transportation and Parking Employee Retirement Trust (COTPA Retirement) is a fiduciary component unit of the Department. COTPA Retirement reports pension resources that are not available to fund Department programs. COTPA Retirement reporting includes both short and long-term assets and liabilities and all current year revenues and expenses regardless of when cash is received or paid.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to gain a full understanding of the Department-wide, division, and fiduciary financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City and the Authority's progress in funding its obligations to provide pension and other post-employment benefits to its employees.

Financial Analysis

The Department's net assets at fiscal year-end are \$55,557,439. This is an increase of \$9,542,341 over last year's net assets of \$46,015,098. Overall, the Department's financial position improved during fiscal year 2012. The prior period adjustment had no impact on the Department-wide financial statements. See Note III for more information.

Summary of Net Assets

	2012	2011	2012-2011		2011-2010		2011-2010	
			Amount of Change	% Change	Amount of Change	% Change		
Assets								
Current assets	\$23,120,772	\$19,575,386	\$3,545,386	18.1%	\$19,977,534	(\$402,148)	(2.0%)	
Capital assets, net	38,699,422	41,069,696	(2,370,274)	(5.8)	40,694,404	375,292	0.9	
Other non-current assets	444,226	2,927,767	(2,483,541)	(84.8)	3,001,684	(73,917)	(2.5)	
Total assets	<u>62,264,420</u>	<u>63,572,849</u>	<u>(1,308,429)</u>	(2.1)	<u>63,673,622</u>	<u>(100,773)</u>	(0.2)	
Liabilities								
Current liabilities	3,312,937	4,858,258	(1,545,321)	(31.8)	4,953,499	(95,241)	(1.9)	
Non-current liabilities	3,394,044	12,699,493	(9,305,449)	(73.3)	14,578,435	(1,878,942)	(12.9)	
Total liabilities	<u>6,706,981</u>	<u>17,557,751</u>	<u>(10,850,770)</u>	(61.8)	<u>19,531,934</u>	<u>(1,974,183)</u>	(10.1)	
Net assets								
Invested in capital assets, net of related debt	38,016,936	32,589,884	5,427,052	16.7	30,961,126	1,628,758	5.3	
Restricted	-	1,716,756	(1,716,756)	(100.0)	1,635,036	81,720	5.0	
Unrestricted	<u>17,540,503</u>	<u>11,708,458</u>	<u>5,832,045</u>	49.8	<u>11,545,526</u>	<u>162,932</u>	1.4	
Total net assets	<u>\$55,557,439</u>	<u>\$46,015,098</u>	<u>\$9,542,341</u>	20.7	<u>\$44,141,688</u>	<u>\$1,873,410</u>	4.2	

The increase in current assets of \$3.55 million was primarily related to the receivable from refunding escrow agent related to the defeasance of bonds payable of \$2.91 million. In addition, receivable from primary government increased \$852 thousand due the timing of the General Fund subsidy payment and intergovernmental receivables increased \$892 thousand related to timing of receipts of reimbursable grants. These increases were offset by a decrease in total cash of \$1.69 million in fiscal year 2012. Current assets decreased \$402 thousand in fiscal year 2011 due to an increase in cash and investments of \$3.26 million, which was offset by an intergovernmental receivables decrease of \$2.32 million for payments related to reimbursable grants, receivable from component units decreased \$400 thousand with the final payment from the Oklahoma City Economic Development Trust, and receivable from primary government decreased \$1.00 million related to the timing of General Fund subsidy.

Capital assets net of accumulated depreciation decreased \$2.37 million in fiscal year 2012. The decrease in fiscal year 2012 was due to the special item related to the sale of Broadway Kerr Parking Garage which reduced assets by \$1.33 million and regular depreciation of \$3.00 million, net of capital acquisitions of \$680 thousand. Other non-current assets decreased by \$2.48 million in fiscal year 2012 due to the defeasance of bonds payable, resulting in a decrease in non-current investments of \$2.53 million.

Current liabilities decreased in fiscal year 2012 by \$1.55 million from a decrease in current bonds payable due to the defeasance of bonds payable. The current bonds payable liability decreased by \$1.72 million and bond interest payable decreased by an additional \$276 thousand.

Non-current liabilities decreased \$9.31 million in fiscal year 2012 and \$1.88 million in fiscal year 2011, respectively. The decrease in fiscal year 2012 consisted mainly of a decrease in non-current bonds payable, net, of \$9.21 million which is related to the sale of Broadway Kerr Parking Garage and the defeasance of the 2006 Bonds. The decrease in fiscal year 2011 consisted mainly of a decrease in bonds payable of \$1.77 million which included the normal debt payment, amortization of premium and deferred amount on refunding.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012 and 2011

OKLAHOMA CITY
PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

	Summary of Changes in Net Assets						
	2012	2011	2012-2011 Amount of Change	2012-2011 %	2010	2011-2010 Amount of Change	2011-2010 %
Operating revenues	<u>\$9,250,895</u>	<u>\$9,165,880</u>	<u>\$85,015</u>	<u>0.9%</u>	<u>\$9,534,432</u>	<u>(\$368,552)</u>	<u>(3.9%)</u>
Operating expenses							
Personal services	13,920,423	13,288,909	631,514	4.8	13,347,342	(58,433)	(0.4)
Maintenance, operations, and contractual services	9,422,211	8,894,148	528,063	5.9	8,677,623	216,525	2.5
Material and supplies	3,894,340	3,577,306	317,034	8.9	3,010,586	566,720	18.8
Depreciation	<u>3,003,078</u>	<u>3,176,905</u>	<u>(173,827)</u>	<u>(5.5)</u>	<u>3,521,424</u>	<u>(344,519)</u>	<u>(9.8)</u>
Total operating expenses	<u>30,240,052</u>	<u>28,937,268</u>	<u>1,302,784</u>	<u>4.5</u>	<u>28,556,975</u>	<u>380,293</u>	<u>1.3</u>
Operating loss	<u>(20,989,157)</u>	<u>(19,771,388)</u>	<u>(1,217,769)</u>	<u>(6.2)</u>	<u>(19,022,543)</u>	<u>(748,845)</u>	<u>(3.9)</u>
Net non-operating revenues	<u>22,377,556</u>	<u>20,459,175</u>	<u>1,918,381</u>	<u>9.4</u>	<u>21,190,357</u>	<u>(731,182)</u>	<u>(3.5)</u>
Contributions and transfers	<u>780,704</u>	<u>1,185,623</u>	<u>(404,919)</u>	<u>(34.2)</u>	<u>2,170,679</u>	<u>(985,056)</u>	<u>(45.4)</u>
Special item	<u>7,373,238</u>	<u>-</u>	<u>7,373,238</u>	<u>100.0</u>	<u>(3,527,051)</u>	<u>3,527,051</u>	<u>100.0</u>
Changes in net assets	<u>9,542,341</u>	<u>1,873,410</u>	<u>7,668,931</u>	<u>409.4</u>	<u>811,442</u>	<u>1,061,968</u>	<u>130.9</u>
Beginning net assets	<u>46,015,098</u>	<u>44,141,688</u>	<u>1,873,410</u>	4.2	<u>43,330,246</u>	<u>811,442</u>	1.9
Ending net assets	<u>\$55,557,439</u>	<u>\$46,015,098</u>	<u>\$9,542,341</u>	<u>20.7</u>	<u>\$44,141,688</u>	<u>\$1,873,410</u>	<u>4.2</u>

Operating revenues increased \$85 thousand in fiscal year 2012 and decreased \$369 thousand in fiscal year 2011. Transportation revenues increased by \$142 thousand and \$507 thousand in fiscal year 2012 and 2011, respectively, due to increased ridership. Parking revenues increased \$110 thousand in fiscal year 2012 due to the Thunder NBA Finals games, which were offset by the sale of Broadway Kerr Parking garage and the reduction in 901 parking spaces. Parking revenues decreased \$1.01 million in fiscal year 2011 primarily as a result of the sales and abandonment of parking garages in October 2009, which reduced available parking in the system by approximately 2,652 spaces.

Operating expenses increased \$1.30 million in fiscal year 2012 and increased \$380 thousand in fiscal year 2011. Increases in fiscal year 2012 were the result of increases in personal services, maintenance, operations, and material and supplies of \$1.21 million related to cost of living pay raise and increased ridership in the Transportation Division and usage of the bus fleet, offset by a reduction in depreciation expense totaling \$174 thousand. Increases in fiscal year 2011 were primarily from increases in maintenance, operations, and materials and supplies of \$783 thousand related to the Transportation Division increased ridership and usage of the bus fleet, offset by a reduction in personal services and depreciation totaling \$403 thousand.

Net non-operating revenues increased by \$1.92 million in fiscal year 2012 due to an increase in the City's operating subsidy of \$2.58 million for changes to personnel related costs, offset by a decrease in grants income of \$1.30 million due to the reduction in the American Recovery and Reinvestment (ARRA) grant revenue and a decrease in interest on bonds of \$202 thousand related to the sale of Broadway Kerr Parking Garage and defeasance of 2006 Bonds. Net non-operating revenues decreased by \$731 thousand in fiscal year 2011. This decrease was related to a decrease in the City's operating subsidy of \$1.47 million from City budget cuts, offset by an increase in grants income of \$367 thousand and a decrease in interest expense on bonds of \$448 thousand related to the sales and abandonment of garages in the Parking Division.

Contributions and transfers decreased \$405 thousand and \$985 thousand in fiscal year 2012 and fiscal year 2011, respectively, in part due to a decrease in grants capital of \$145 thousand and capital payments from the City of \$297 thousand in fiscal year 2012 and a decrease in grants capital of \$1.13 million in fiscal year 2011.

Capital Assets and Debt Administration

Capital Assets

The Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2012 and 2011, was \$38,699,422 and \$41,069,696, respectively. This was a decrease of 5.8% in this investment compared to an increase of 0.9% in 2011. See Note II. A. 5. for more information regarding capital assets.

Capital Assets, Net of Accumulated Depreciation

	<u>2012</u>	<u>2011</u>	2012-2011 Amount of Change	2012-2011 %	<u>2010</u>	2011-2010 Amount of Change	2011-2010 %
Non-Depreciable Assets							
Land	\$4,219,827	\$4,609,827	(\$390,000)	(8.5%)	\$4,609,827	\$ -	0.0%
Construction in progress	<u>3,289,253</u>	<u>1,774,894</u>	<u>1,514,359</u>	85.3	<u>1,513,193</u>	<u>261,701</u>	17.3
Total non-depreciable assets	<u>7,509,080</u>	<u>6,384,721</u>	<u>1,124,359</u>	17.6	<u>6,123,020</u>	<u>261,701</u>	4.3
Depreciable Assets							
Buildings	10,604,430	10,779,123	(174,693)	(1.6)	9,274,176	1,504,947	16.2
Improvements other than buildings	3,005,611	3,499,257	(493,646)	(14.1)	3,737,234	(237,977)	(6.4)
Buses, automobiles and river boats	7,040,334	8,130,309	(1,089,975)	(13.4)	8,603,712	(473,403)	(5.5)
Parking garages and surface lots	9,278,163	10,565,653	(1,287,490)	(12.2)	10,905,731	(340,078)	(3.1)
Other assets	<u>1,261,804</u>	<u>1,710,633</u>	<u>(448,829)</u>	(26.2)	<u>2,050,531</u>	<u>(339,898)</u>	(16.6)
Total depreciable assets	<u>31,190,342</u>	<u>34,684,975</u>	<u>(3,494,633)</u>	(10.1)	<u>34,571,384</u>	<u>113,591</u>	0.3
	<u>\$38,699,422</u>	<u>\$41,069,696</u>	<u>(\$2,370,274)</u>	(5.8)	<u>\$40,694,404</u>	<u>\$375,292</u>	0.9

Non-depreciable assets increased in fiscal year 2012 by \$1.12 million, which included the decrease in land of \$390 thousand related to the sale of Broadway Kerr Parking Garage. The total increase in construction in progress of \$1.51 million was related to installation of automatic vehicle location systems on buses, gate construction related to parking garages, and concrete repairs for Santa Fe Parking Garage. There was a increase in fiscal year 2011 of \$262 thousand due mostly to gate construction for parking garages.

Depreciable assets decreased by \$3.49 million in fiscal year 2012 mainly due to the sale of Broadway Kerr Parking Garage and normal depreciation. Increases in fiscal year 2011 of \$114 thousand included decreases in improvements other than buildings, buses, automobiles, parking garages, and other assets of \$1.39 million, mostly for normal depreciation and retirements, offset by construction assets being placed into service in buildings and related subsequent depreciation totaling \$1.50 million.

Long-term Debt

At the end of the 2011 fiscal year, the Department had total bonded debt outstanding of \$10,775,000. This debt was primarily supported by pledged revenues generated by the parking activities of the Department (revenue bonds). See Note II. B. 4. for more information regarding revenue bonds.

	Outstanding Bonds							
			2012-2011	2012-2011			2011-2010	2011-2010
	<u>2012</u>	<u>2011</u>	Amount	%	<u>2010</u>	Amount	%	
		<u>of Change</u>	<u>Change</u>		<u>of Change</u>	<u>Change</u>		
Revenue bonds								
Parking	<u>\$ -</u>	<u>\$10,775,000</u>	<u>(\$10,775,000)</u>	(100.0%)	<u>\$12,410,000</u>	<u>(\$1,635,000)</u>	(13.2%)	

In 2012 bonded debt was extinguished by regular debt service payments of \$1.72 million and the defeasance of revenue bonds of \$9.06 million. Outstanding bonds were reduced by the regular debt service payment of \$1.64 million in 2011. See Note II. B. 6. for more information regarding changes in long-term debt.

Bond Ratings

The bonds are issued through the Authority. Authority bonds are rated A1 and A+ by Moody's and Fitch rating agencies, respectively.

Economic Factors

The national economic recession resulted in increased bus ridership. Market fluctuations have caused an increase in investment income.

Contacting the Department's Financial Management

This financial report is designed to provide a general overview of the Department's finances, comply with finance-related laws and regulations, and demonstrate commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's Finance Department, Accounting Services Division, at 100 North Walker, Suite 300, Oklahoma City, Oklahoma 73102.

Basic Financial Statements

Department-wide Financial Statements

Provide both long-term and short-term information about the Department's overall status using full accrual accounting.

* ***Business-Type Activities*** – *Reports transportation and parking activities.*

Fund Financial Statements

Focus on the Authority's most significant funds. Major funds are separately reported while all others are combined into a single, aggregated presentation.

Proprietary Fund Financial Statements

Generally report services for which the Authority charges customers a fee using full accrual accounting and provide both long-term and short-term financial information.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises.

Fiduciary Fund Financial Statements

Report assets held for others that cannot be used to support the Authority's programs combined by fund type.

STATEMENTS OF NET ASSETS
June 30,

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Pooled cash-----	\$1,751	\$4,460
Non-pooled cash-----	6,481,326	8,169,572
Investments-----	10,075,035	9,684,851
Accounts receivable, net-----	3,187,544	173,596
Interest receivable-----	331	1,516
Receivable from primary government-----	855,349	2,953
Intergovernmental receivables-----	1,650,966	759,256
Inventories-----	861,794	779,182
Prepays-----	6,676	-
Total current assets-----	<u>23,120,772</u>	<u>19,575,386</u>
<u>NON-CURRENT ASSETS</u>		
Investments-----	-	2,533,119
Deferred debt expense, net-----	-	67,615
Other-----	444,226	327,033
Capital assets:		
Land and construction in progress-----	7,509,080	6,384,721
Other capital assets, net of accumulated depreciation-----	31,190,342	34,684,975
Total capital assets-----	<u>38,699,422</u>	<u>41,069,696</u>
Total non-current assets-----	<u>39,143,648</u>	<u>43,997,463</u>
Total assets-----	<u>62,264,420</u>	<u>63,572,849</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable-----	2,116,775	1,758,048
Wages and benefits payable-----	539,033	494,264
Due to other funds-----	1,847	29,901
Payable to primary government-----	145,154	153,634
Compensated absences-----	287,237	273,918
Estimated claims payable-----	60,000	-
Deferred revenue-----	162,891	157,418
Bond interest payable-----	-	276,075
Bonds payable-----	-	1,715,000
Total current liabilities-----	<u>3,312,937</u>	<u>4,858,258</u>
<u>NON-CURRENT LIABILITIES</u>		
Compensated absences-----	617,376	563,779
Payable to primary government-----	970,000	1,091,250
Deferred revenue-----	1,235,250	1,368,250
Bonds payable:		
Bonds payable-----	-	9,060,000
Unamortized bond premium-----	-	303,888
Deferred amount on refunding-----	-	(156,200)
Bonds payable, net-----	<u>-</u>	<u>9,207,688</u>
Net other post-employment benefit obligation-----	571,418	468,526
Total non-current liabilities-----	<u>3,394,044</u>	<u>12,699,493</u>
Total liabilities-----	<u>6,706,981</u>	<u>17,557,751</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt-----	38,016,936	32,589,884
Restricted for: Debt service-----	-	1,716,756
Unrestricted-----	17,540,503	11,708,458
Total net assets-----	<u>\$55,557,439</u>	<u>\$46,015,098</u>

See accompanying notes to financial statements.

**STATEMENTS OF REVENUES,
EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES</u>		
<u>CHARGES FOR SERVICES</u>		
Transportation charges-----	\$2,729,519	\$2,587,996
River cruise charges-----	186,020	209,439
Parking-----	5,847,988	5,738,440
Other charges-----	264	-
Total charges for services-----	8,763,791	8,535,875
Lease and rental income-----	294,183	421,591
Other-----	192,921	208,414
Total operating revenues-----	9,250,895	9,165,880
<u>OPERATING EXPENSES</u>		
Personal services-----	13,920,423	13,288,909
Maintenance, operations, and contractual services-----	9,422,211	8,894,148
Materials and supplies-----	3,894,340	3,577,306
Depreciation-----	3,003,078	3,176,905
Total operating expenses-----	30,240,052	28,937,268
Operating loss-----	(20,989,157)	(19,771,388)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Non-capital contributions-----	133,000	133,000
Grants operating-----	10,226,456	11,253,421
Investment income-----	16,460	35,451
Interest on bonds-----	(290,751)	(492,417)
Amortization-----	(12,178)	(27,347)
Payments from Oklahoma City Riverfront Redevelopment Authority-----	50,000	-
Payments from Oklahoma City Economic Development Trust-----	-	8,729
Payments from City of Oklahoma City-----	12,183,855	9,606,151
Other revenues (expenses)-----	70,714	(57,813)
Net non-operating revenues-----	22,377,556	20,459,175
Income before contributions and transfers and special item-----	1,388,399	687,787
<u>CONTRIBUTIONS AND TRANSFERS</u>		
Capital contributions from developers-----	-	6,500
Grants capital-----	525,342	670,287
Capital payments from City of Oklahoma City-----	14,024	310,904
Other capital contributions-----	-	1,054
Transfers from other funds-----	241,338	196,878
Total contributions and transfers-----	780,704	1,185,623
<u>SPECIAL ITEM</u>		
Special item-----	7,373,238	-
Changes in net assets-----	9,542,341	1,873,410
Total net assets, beginning-----	46,015,098	44,141,688
Total net assets, ending-----	\$55,557,439	\$46,015,098

See accompanying notes to financial statements.

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STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2012	2011
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers-----	\$9,129,146	\$9,190,063
Cash payments to suppliers for goods and services-----	(13,240,119)	(12,405,009)
Cash payments to employees and professional contractors for services-----	(13,663,642)	(13,149,389)
Operating payments from (to) City of Oklahoma City-----	(1,144,765)	(2,900)
Other cash receipts-----	-	23,667
Net cash provided (used) by operating activities-----	(18,919,380)	(16,343,568)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Cash received from operating grants-----	9,012,158	12,337,616
Transfers received from (paid to) other funds-----	35,270	331,470
Non-capital financing payments from (to) component units-----	50,000	-
Non-capital financing payments from (to) City of Oklahoma City-----	12,183,855	10,453,004
Other non-capital financing cash receipts-----	296,994	232,685
Net cash provided (used) by non-capital financing activities-----	21,578,277	23,354,775
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>		
Payments for acquisition and construction of capital assets-----	(1,558,076)	(3,858,466)
Principal paid on long-term debt-----	(1,715,000)	(1,635,000)
Interest paid on long-term debt-----	(574,927)	(593,025)
Payments to defease bonds-----	(12,111,260)	-
Capital financing payments from (to) component units-----	(121,250)	276,854
Capital financing payments from (to) City of Oklahoma City-----	-	316,443
Proceeds from sale of assets-----	8,678,464	121,355
Capital grants and contributions received-----	891,619	1,585,397
Other capital and capital related financing activities-----	-	1,054
Net cash provided (used) by capital and related financing activities-----	(6,510,430)	(3,785,388)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments-----	(17,995,897)	(18,528,050)
Proceeds from sale of investments-----	20,059,546	19,150,782
Changes in pooled investments-----	66,321	(31,119)
Investment income received-----	30,525	35,036
Purchased interest-----	83	(1)
Net cash provided (used) by investing activities-----	2,160,578	626,648
Net increase (decrease) in cash-----	(1,690,955)	3,852,467
Cash, beginning-----	8,174,032	4,321,565
Cash, ending-----	\$6,483,077	\$8,174,032
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</u>		
<u>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating income (loss)-----	(\$20,989,157)	(\$19,771,388)
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO</u>		
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Depreciation-----	3,003,078	3,176,905
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable-----	(105,087)	60,446
(Increase) decrease in due from other funds-----	(12,571)	6,674
(Increase) decrease in receivable from component units-----	-	(75,000)
(Increase) decrease in receivable from City of Oklahoma City-----	(852,396)	(2,953)
(Increase) decrease in inventories-----	(82,613)	(7,874)
(Increase) decrease in prepaid assets-----	(6,676)	(52,958)
(Increase) decrease in other assets-----	(117,193)	-
Increase (decrease) in accounts payable-----	(16,229)	85,863
Increase (decrease) in wages and benefits payable-----	44,770	27,215
Increase (decrease) in due to other funds-----	(12,107)	26,978
Increase (decrease) in payable to City of Oklahoma City-----	(8,479)	87,698
Increase (decrease) in compensated absences-----	66,915	6,219
Increase (decrease) in notes, lease and estimated claims payable-----	60,000	-
Increase (decrease) in net other post-employment benefit obligation-----	102,892	132,136
Increase (decrease) in deferred revenue-----	5,473	(43,529)
Total adjustments-----	2,069,777	3,427,820
Net cash provided (used) by operating activities-----	(18,919,380)	(16,343,568)
<u>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>		
Net increase (decrease) in fair value of investments-----	(\$12,964)	\$15,515

See accompanying notes to financial statements.

DIVISION STATEMENTS OF NET ASSETS
June 30,

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2012			Total Department	2011
	Division				Total
	Transportation	River Cruises	Parking		Department
ASSETS					
CURRENT ASSETS					
Pooled cash-----	\$195	\$ -	\$1,556	\$1,751	\$4,460
Non-pooled cash-----	5,028,440	702,036	750,850	6,481,326	8,169,572
Investments-----	1,005,697	-	9,069,338	10,075,035	9,684,851
Accounts receivable, net-----	91,542	-	3,096,002	3,187,544	173,596
Interest receivable-----	22	-	309	331	1,516
Payable/due from (to) within the Department----	(46,268)	64,800	(18,532)	-	-
Receivable from primary government-----	855,349	-	-	855,349	2,953
Intergovernmental receivables-----	1,650,966	-	-	1,650,966	759,256
Inventories-----	853,691	8,103	-	861,794	779,182
Prepays-----	6,676	-	-	6,676	-
Total current assets-----	<u>9,446,310</u>	<u>774,939</u>	<u>12,899,523</u>	<u>23,120,772</u>	<u>19,575,386</u>
NON-CURRENT ASSETS					
Investments-----	-	-	-	-	2,533,119
Deferred debt expense, net-----	-	-	-	-	67,615
Other-----	444,226	-	-	444,226	327,033
Capital assets:					
Land and construction in progress-----	4,053,888	-	3,455,192	7,509,080	6,384,721
Other capital assets,					
net of accumulated depreciation-----	16,635,268	4,621,110	9,933,964	31,190,342	34,684,975
Total capital assets-----	<u>20,689,156</u>	<u>4,621,110</u>	<u>13,389,156</u>	<u>38,699,422</u>	<u>41,069,696</u>
Total non-current assets-----	<u>21,133,382</u>	<u>4,621,110</u>	<u>13,389,156</u>	<u>39,143,648</u>	<u>43,997,463</u>
Total assets-----	<u>30,579,692</u>	<u>5,396,049</u>	<u>26,288,679</u>	<u>62,264,420</u>	<u>63,572,849</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable-----	1,229,154	73,040	814,581	2,116,775	1,758,048
Wages and benefits payable-----	524,481	-	14,552	539,033	494,264
Due to other funds-----	1,329	-	518	1,847	29,901
Payable to primary government-----	4,347	-	140,807	145,154	153,634
Compensated absences-----	263,167	-	24,070	287,237	273,918
Estimated claims payable-----	60,000	-	-	60,000	-
Deferred revenue-----	6,937	133,000	22,954	162,891	157,418
Bond interest payable-----	-	-	-	-	276,075
Bonds payable-----	-	-	-	-	1,715,000
Total current liabilities-----	<u>2,089,415</u>	<u>206,040</u>	<u>1,017,482</u>	<u>3,312,937</u>	<u>4,858,258</u>
NON-CURRENT LIABILITIES					
Compensated absences-----	567,978	-	49,398	617,376	563,779
Payable to primary government-----	-	-	970,000	970,000	1,091,250
Deferred revenue-----	-	1,235,250	-	1,235,250	1,368,250
Bonds payable:					
Bonds payable-----	-	-	-	-	9,060,000
Unamortized bond premium-----	-	-	-	-	303,888
Deferred amount on refunding-----	-	-	-	-	(156,200)
Bonds payable, net-----	-	-	-	-	<u>9,207,688</u>
Net other post-employment benefit obligation----	506,179	-	65,239	571,418	468,526
Total non-current liabilities-----	<u>1,074,157</u>	<u>1,235,250</u>	<u>1,084,637</u>	<u>3,394,044</u>	<u>12,699,493</u>
Total liabilities-----	<u>3,163,572</u>	<u>1,441,290</u>	<u>2,102,119</u>	<u>6,706,981</u>	<u>17,557,751</u>
NET ASSETS					
Invested in capital assets, net of related debt----	20,373,454	4,563,883	13,079,599	38,016,936	32,589,884
Restricted for: Debt service-----	-	-	-	-	1,716,756
Unrestricted-----	7,042,666	(609,124)	11,106,961	17,540,503	11,708,458
Total net assets-----	<u>\$27,416,120</u>	<u>\$3,954,759</u>	<u>\$24,186,560</u>	<u>\$55,557,439</u>	<u>\$46,015,098</u>

See accompanying notes to financial statements.

**DIVISION STATEMENTS OF REVENUES,
EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2012			2011	
	Division			Total	Total
	Transportation	River Cruises	Parking	Department	Department
<u>OPERATING REVENUES</u>					
<u>CHARGES FOR SERVICES</u>					
Transportation charges-----	\$2,729,519	\$ -	\$ -	\$2,729,519	\$2,587,996
River cruise charges-----	-	186,020	-	186,020	209,439
Parking-----	-	-	5,847,988	5,847,988	5,738,440
Other charges-----	264	-	-	264	-
Total charges for services-----	2,729,783	186,020	5,847,988	8,763,791	8,535,875
Lease and rental income-----	19,785	-	274,398	294,183	421,591
Other-----	187,884	51	4,986	192,921	208,414
Total operating revenues-----	2,937,452	186,071	6,127,372	9,250,895	9,165,880
<u>OPERATING EXPENSES</u>					
Personal services-----	13,556,738	-	363,685	13,920,423	13,288,909
Maintenance, operations, and contractual services-----	5,597,344	948,717	2,876,150	9,422,211	8,894,148
Materials and supplies-----	3,822,128	44,071	28,141	3,894,340	3,577,306
Depreciation-----	2,232,178	244,302	526,598	3,003,078	3,176,905
Total operating expenses-----	25,208,388	1,237,090	3,794,574	30,240,052	28,937,268
Payments/transfers within the Department-----	(79,189)	97,778	(18,589)	-	-
Operating income (loss)-----	(22,350,125)	(953,241)	2,314,209	(20,989,157)	(19,771,388)
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Non-capital contributions-----	-	133,000	-	133,000	133,000
Grants operating-----	10,226,456	-	-	10,226,456	11,253,421
Investment income-----	9,350	206	6,904	16,460	35,451
Interest on bonds-----	-	-	(290,751)	(290,751)	(492,417)
Amortization-----	-	-	(12,178)	(12,178)	(27,347)
Payments from Oklahoma City Riverfront Redevelopment Authority-----	-	50,000	-	50,000	-
Payments from Oklahoma City Economic Development Trust-----	-	-	-	-	8,729
Payments from City of Oklahoma City-----	11,513,855	670,000	-	12,183,855	9,606,151
Other revenues (expenses)-----	65,614	-	5,100	70,714	(57,813)
Net non-operating revenues (expenses)-----	21,815,275	853,206	(290,925)	22,377,556	20,459,175
Income (loss) before contributions and transfers and special item----	(534,850)	(100,035)	2,023,284	1,388,399	687,787
<u>CONTRIBUTIONS AND TRANSFERS</u>					
Capital contributions from developers-----	-	-	-	-	6,500
Grants capital-----	525,342	-	-	525,342	670,287
Capital payments from City of Oklahoma City-----	14,024	-	-	14,024	310,904
Other capital contributions-----	-	-	-	-	1,054
Transfers from other funds-----	-	-	241,338	241,338	196,878
Total contributions and transfers-----	539,366	-	241,338	780,704	1,185,623
<u>SPECIAL ITEM</u>					
Special item-----	-	-	7,373,238	7,373,238	-
Changes in net assets-----	4,516	(100,035)	9,637,860	9,542,341	1,873,410
Total net assets, beginning-----	27,411,604	4,054,794	14,548,700	46,015,098	44,141,688
Total net assets, ending-----	\$27,416,120	\$3,954,759	\$24,186,560	\$55,557,439	\$46,015,098

See the accompanying notes to financial statements.

DIVISION STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

	2012			2011	
	Division			Total	Total
	Transportation	River Cruises	Parking	Department	Department
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash received from customers-----	\$2,934,953	\$185,928	\$6,008,265	\$9,129,146	\$9,190,063
Cash payments to suppliers for goods and services-----	(9,223,147)	(1,061,627)	(2,955,345)	(13,240,119)	(12,405,009)
Cash payments to employees and professional contractors for services-----	(13,313,337)	-	(350,305)	(13,663,642)	(13,149,389)
Operating payments from (to) City of Oklahoma City-----	(1,320,981)	176,216	-	(1,144,765)	(2,900)
Operating payments within the Department-----	94,385	(94,385)	-	-	-
Other cash receipts-----	-	-	-	-	23,667
Net cash provided (used) by operating activities--	(20,828,127)	(793,868)	2,702,615	(18,919,380)	(16,343,568)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>					
Cash received from operating grants-----	9,012,158	-	-	9,012,158	12,337,616
Transfers received from (paid to) other funds-----	(157,215)	(48,853)	241,338	35,270	331,470
Non-capital financing payments from (to) component units Non-capital financing payments from (to) City of Oklahoma City-----	-	50,000	-	50,000	-
Other non-capital financing cash receipts-----	11,513,855	670,000	-	12,183,855	10,453,004
	300,427	-	(3,433)	296,994	232,685
Net cash provided (used) by non-capital financing activities-----	20,669,225	671,147	237,905	21,578,277	23,354,775
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>					
Payments for acquisition and construction of capital assets-----	(955,361)	(38,406)	(564,309)	(1,558,076)	(3,858,466)
Principal paid on long-term debt-----	-	-	(1,715,000)	(1,715,000)	(1,635,000)
Interest paid on long-term debt-----	-	-	(574,927)	(574,927)	(593,025)
Payments to defease bonds-----	-	-	(12,111,260)	(12,111,260)	-
Capital financing payments from (to) component units----- Capital financing payments from (to) City of Oklahoma City-----	-	-	(121,250)	(121,250)	276,854
Proceeds from sale of assets-----	1,130	-	8,677,334	8,678,464	121,355
Capital grants and contributions received-----	891,619	-	-	891,619	1,585,397
Other capital and capital related financing activities-----	-	-	-	-	1,054
Net cash provided (used) by capital and related financing activities-----	(62,612)	(38,406)	(6,409,412)	(6,510,430)	(3,785,388)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Purchase of investments-----	(999,747)	-	(16,996,150)	(17,995,897)	(18,528,050)
Proceeds from sale of investments-----	-	-	20,059,546	20,059,546	19,150,782
Changes in pooled investments-----	42,405	-	23,916	66,321	(31,119)
Investment income received-----	9,533	206	20,786	30,525	35,036
Purchased interest-----	45	-	38	83	(1)
Net cash provided (used) by investing activities--	(947,764)	206	3,108,136	2,160,578	626,648
Net increase (decrease) in cash-----	(1,169,278)	(160,921)	(360,756)	(1,690,955)	3,852,467
Cash, beginning-----	6,197,913	862,957	1,113,162	8,174,032	4,321,565
Cash, ending-----	\$5,028,635	\$702,036	\$752,406	\$6,483,077	\$8,174,032

(continued)

DIVISION STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

	2012			2011	
	Division			Total	Total
	Transportation	River Cruises	Parking	Department	Department
<u>RECONCILIATION OF OPERATING INCOME</u>					
<u>(LOSS) TO NET CASH PROVIDED (USED)</u>					
<u>BY OPERATING ACTIVITIES</u>					
Operating income (loss)-----	(\$22,350,125)	(\$953,241)	\$2,314,209	(\$20,989,157)	(\$19,771,388)
<u>ADJUSTMENTS TO RECONCILE OPERATING</u>					
<u>INCOME (LOSS) TO NET CASH PROVIDED</u>					
<u>(USED) BY OPERATING ACTIVITIES</u>					
Depreciation-----	2,232,178	244,302	526,598	3,003,078	3,176,905
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable-----	(2,498)	-	(102,589)	(105,087)	60,446
(Increase) decrease in due from other funds-----	(2,207)	(15,947)	5,583	(12,571)	6,674
(Increase) decrease in receivable from					
from component units-----	-	-	-	-	(75,000)
(Increase) decrease in receivable from					
City of Oklahoma City-----	(852,449)	53	-	(852,396)	(2,953)
(Increase) decrease in inventories-----	(76,336)	(6,277)	-	(82,613)	(7,874)
(Increase) decrease in prepaid assets-----	(6,676)	-	-	(6,676)	(52,958)
(Increase) decrease in other assets-----	(117,193)	-	-	(117,193)	-
Increase (decrease) in accounts payable-----	102,495	(62,278)	(56,446)	(16,229)	85,863
Increase (decrease) in wages and benefits payable----	43,998	-	772	44,770	27,215
Increase (decrease) in due to other funds-----	(8,588)	-	(3,519)	(12,107)	26,978
Increase (decrease) in payable to					
City of Oklahoma City-----	(14,050)	(480)	6,051	(8,479)	87,698
Increase (decrease) in compensated absences-----	63,546	-	3,369	66,915	6,219
Increase (decrease) in notes payable-----	60,000	-	-	60,000	-
Increase (decrease) in net other post-employment					
benefit obligation-----	93,653	-	9,239	102,892	132,136
Increase (decrease) in deferred revenue-----	6,125	-	(652)	5,473	(43,529)
Total adjustments-----	1,521,998	159,373	388,406	2,069,777	3,427,820
Net cash provided (used) by					
operating activities-----	(\$20,828,127)	(\$793,868)	\$2,702,615	(\$18,919,380)	(\$16,343,568)
<u>NON-CASH INVESTING, CAPITAL, AND</u>					
<u>FINANCING ACTIVITIES</u>					
Net increase (decrease) in fair value of investments-----	\$259	\$ -	(\$13,223)	(\$12,964)	\$15,515
Total non-cash investing, capital,					
and financing activities-----	\$259	\$ -	(\$13,223)	(\$12,964)	\$15,515

See accompanying notes to financial statements.

**STATEMENTS OF NET ASSETS
TRANSPORTATION DIVISION
June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2012			2011 (Restated)		
	<u>Authority</u>	<u>Enterprise</u>	<u>Total Transportation Division</u>	<u>Authority</u>	<u>Enterprise</u>	<u>Total Transportation Division</u>
<u>ASSETS</u>						
<u>CURRENT ASSETS</u>						
Pooled cash-----	\$ -	\$195	\$195	\$ -	\$1,759	\$1,759
Non-pooled cash-----	5,028,440	-	5,028,440	6,196,154	-	6,196,154
Investments-----	999,747	5,950	1,005,697	-	48,096	48,096
Accounts receivable, net-----	91,542	-	91,542	89,043	-	89,043
Interest receivable-----	-	22	22	-	509	509
Payable/due from (to) within the Department----	(732,408)	686,140	(46,268)	(603,696)	620,078	16,382
Receivable from primary government-----	855,349	-	855,349	2,900	-	2,900
Intergovernmental receivables-----	1,650,966	-	1,650,966	759,256	-	759,256
Inventories-----	853,691	-	853,691	777,356	-	777,356
Prepays-----	6,676	-	6,676	-	-	-
Total current assets-----	8,754,003	692,307	9,446,310	7,221,013	670,442	7,891,455
<u>NON-CURRENT ASSETS</u>						
Other-----	444,226	-	444,226	327,033	-	327,033
Capital assets:						
Land and construction in progress-----	4,053,888	-	4,053,888	3,185,485	-	3,185,485
Other capital assets, net of accumulated depreciation-----	16,635,268	-	16,635,268	18,578,166	-	18,578,166
Total capital assets, net-----	20,689,156	-	20,689,156	21,763,651	-	21,763,651
Total non-current assets-----	21,133,382	-	21,133,382	22,090,684	-	22,090,684
Total assets-----	29,887,385	692,307	30,579,692	29,311,697	670,442	29,982,139
<u>LIABILITIES</u>						
<u>CURRENT LIABILITIES</u>						
Accounts payable-----	1,229,154	-	1,229,154	864,854	-	864,854
Wages and benefits payable-----	473,956	50,525	524,481	417,564	62,918	480,482
Due to other funds-----	-	1,329	1,329	-	25,864	25,864
Payable to primary government-----	4,347	-	4,347	18,398	-	18,398
Compensated absences-----	184,373	78,794	263,167	178,150	70,061	248,211
Estimated claims payable-----	60,000	-	60,000	-	-	-
Deferred revenue-----	6,937	-	6,937	812	-	812
Total current liabilities-----	1,958,767	130,648	2,089,415	1,479,778	158,843	1,638,621
<u>NON-CURRENT LIABILITIES</u>						
Compensated absences-----	334,912	233,066	567,978	283,513	235,875	519,388
Net other post-employment benefit obligation---	177,586	328,593	506,179	136,802	275,724	412,526
Total non-current liabilities-----	512,498	561,659	1,074,157	420,315	511,599	931,914
Total liabilities-----	2,471,265	692,307	3,163,572	1,900,093	670,442	2,570,535
<u>NET ASSETS</u>						
Invested in capital assets, net of related debt----	20,373,454	-	20,373,454	21,643,824	-	21,643,824
Unrestricted-----	7,042,666	-	7,042,666	5,767,780	-	5,767,780
Total net assets-----	\$27,416,120	\$ -	\$27,416,120	\$27,411,604	\$ -	\$27,411,604

See accompanying notes to financial statements.

**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
TRANSPORTATION DIVISION
For the Years Ended June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2012			2011 (Restated)		
	Total Transportation			Total Transportation		
	Authority	Enterprise	Division	Authority	Enterprise	Division
<u>OPERATING REVENUES</u>						
Transportation charges-----	\$2,729,519	\$ -	\$2,729,519	\$2,587,996	\$ -	\$2,587,996
Other charges-----	264	-	264	-	-	-
Lease and rental income-----	19,785	-	19,785	25,000	-	25,000
Other-----	187,884	-	187,884	204,774	-	204,774
Total operating revenues-----	2,937,452	-	2,937,452	2,817,770	-	2,817,770
<u>OPERATING EXPENSES</u>						
Personal services-----	11,873,363	1,683,375	13,556,738	11,330,882	1,609,818	12,940,700
Maintenance, operations, and contractual services-----	3,590,108	2,007,236	5,597,344	2,965,251	2,024,549	4,989,800
Materials and supplies-----	3,822,128	-	3,822,128	3,460,431	-	3,460,431
Depreciation-----	2,232,178	-	2,232,178	2,396,727	-	2,396,727
Total operating expenses-----	21,517,777	3,690,611	25,208,388	20,153,291	3,634,367	23,787,658
Payments/transfers within the Department-----	(3,768,381)	3,689,192	(79,189)	(3,594,096)	3,632,281	38,185
Operating loss-----	(22,348,706)	(1,419)	(22,350,125)	(20,929,617)	(2,086)	(20,931,703)
<u>NON-OPERATING EXPENSES</u>						
Grants operating-----	10,226,456	-	10,226,456	11,253,421	-	11,253,421
Investment income-----	7,931	1,419	9,350	13,513	2,086	15,599
Payments from the City of Oklahoma City General Fund-----	11,491,369	-	11,491,369	8,900,612	-	8,900,612
Payments from the City of MAPS3 Sales Tax Fund-----	22,486	-	22,486	-	-	-
Other revenue (expenses)-----	65,614	-	65,614	(163,567)	-	(163,567)
Net non-operating revenues-----	21,813,856	1,419	21,815,275	20,003,979	2,086	20,006,065
Loss before contributions and transfers-----	(534,850)	-	(534,850)	(925,638)	-	(925,638)
<u>CONTRIBUTIONS AND TRANSFERS</u>						
Grants capital-----	525,342	-	525,342	667,617	-	667,617
Capital payments from City of Oklahoma City----	14,024	-	14,024	310,904	-	310,904
Other capital contributions-----	-	-	-	1,054	-	1,054
Total contributions and transfers-----	539,366	-	539,366	979,575	-	979,575
Changes in net assets-----	4,516	-	4,516	53,937	-	53,937
Total net assets (deficit), beginning, as previously reported-----	27,411,604	-	27,411,604	27,832,744	(475,077)	27,357,667
Prior period adjustment-----	-	-	-	(475,077)	475,077	-
Total net assets, beginning, as restated-----	27,411,604	-	27,411,604	27,357,667	-	27,357,667
Total net assets, ending-----	\$27,416,120	\$ -	\$27,416,120	\$27,411,604	\$ -	\$27,411,604

See accompanying notes to financial statements.

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**STATEMENTS OF CASH FLOWS
TRANSPORTATION DIVISION
For the Years Ended June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2012			2011 (Restated)		
	Authority	Enterprise	Total Transportation Division	Authority	Enterprise	Total Transportation Division
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Cash received from customers-----	\$2,934,953	\$ -	\$2,934,953	\$2,825,879	\$ -	\$2,825,879
Cash payments to suppliers for goods and services-----	(7,191,376)	(2,031,771)	(9,223,147)	(6,422,966)	(2,024,549)	(8,447,515)
Cash payments to employees and professional contractors for services-----	(11,676,357)	(1,636,980)	(13,313,337)	(11,277,222)	(1,544,756)	(12,821,978)
Operating payments from (to) City of Oklahoma City-----	(1,320,981)	-	(1,320,981)	(2,900)	-	(2,900)
Operating payments within the Department-----	(3,528,750)	3,623,135	94,385	(3,474,095)	3,512,280	38,185
Other cash receipts-----	-	-	-	-	23,667	23,667
Net cash provided (used) by operating activities-----	(20,782,511)	(45,616)	(20,828,127)	(18,351,304)	(33,358)	(18,384,662)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>						
Cash received from operating grants-----	9,012,158	-	9,012,158	12,337,616	-	12,337,616
Transfers received from (paid to) other funds-----	(157,215)	-	(157,215)	35,719	-	35,719
Non-capital financing payments from (to) City of Oklahoma City-----	11,513,855	-	11,513,855	9,753,004	-	9,753,004
Other non-capital financing cash receipts-----	300,427	-	300,427	223,925	-	223,925
Net cash provided (used) by non-capital financing activities-----	20,669,225	-	20,669,225	22,350,264	-	22,350,264
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>						
Payments for acquisition and construction of capital assets-----	(955,361)	-	(955,361)	(2,259,842)	-	(2,259,842)
Capital financing payments from (to) component units-----	-	-	-	(1,900)	-	(1,900)
Capital financing payments from (to) City of Oklahoma City-----	-	-	-	310,904	-	310,904
Proceeds from sale of assets-----	1,130	-	1,130	121,355	-	121,355
Capital grants and contributions received-----	891,619	-	891,619	1,538,495	-	1,538,495
Other capital and capital related financing activities-----	-	-	-	1,054	-	1,054
Net cash provided (used) by capital and related financing activities-----	(62,612)	-	(62,612)	(289,934)	-	(289,934)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>						
Payments for purchase of investments-----	(999,747)	-	(999,747)	-	-	-
Changes in pooled investments-----	-	42,405	42,405	-	23,413	23,413
Investment income received-----	7,931	1,602	9,533	13,512	2,264	15,776
Purchased interest-----	-	45	45	-	-	-
Net cash provided (used) by investing activities-----	(991,816)	44,052	(947,764)	13,512	25,677	39,189
Net increase (decrease) in cash-----	(1,167,714)	(1,564)	(1,169,278)	3,722,538	(7,681)	3,714,857
Cash, beginning-----	6,196,154	1,759	6,197,913	2,473,616	9,440	2,483,056
Cash, ending-----	\$5,028,440	\$195	\$5,028,635	\$6,196,154	\$1,759	\$6,197,913
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>						
Operating income (loss)-----	(\$22,348,706)	(\$1,419)	(\$22,350,125)	(\$20,929,617)	(\$2,086)	(\$20,931,703)
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>						
Depreciation-----	2,232,178	-	2,232,178	2,396,727	-	2,396,727
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable-----	(2,498)	-	(2,498)	8,108	-	8,108
(Increase) decrease in payments/transfers from (to) within the Department-----	66,062	(66,062)	-	45,001	(45,001)	-
(Increase) decrease in due from other funds-----	(2,207)	-	(2,207)	-	-	-
(Increase) decrease in receivable from component units-----	-	-	-	-	(75,000)	(75,000)
(Increase) decrease in receivable from City of Oklahoma City-----	(852,449)	-	(852,449)	(2,900)	-	(2,900)
(Increase) decrease in inventories-----	(76,336)	-	(76,336)	(10,255)	-	(10,255)
(Increase) decrease in prepaid assets-----	(6,676)	-	(6,676)	(52,958)	-	(52,958)
(Increase) decrease in other assets-----	(117,193)	-	(117,193)	-	-	-
Increase (decrease) in accounts payable-----	102,495	-	102,495	15,715	-	15,715
Increase (decrease) in wages and benefits payable-----	56,391	(12,393)	43,998	45,644	(15,447)	30,197
Increase (decrease) in due to other funds-----	15,947	(24,535)	(8,588)	-	23,667	23,667
Increase (decrease) in payable to City of Oklahoma City-----	(14,050)	-	(14,050)	92,818	-	92,818
Increase (decrease) in compensated absences-----	57,622	5,924	63,546	(3,507)	6,961	3,454
Increase (decrease) in notes, lease and estimated claims payable-----	60,000	-	60,000	-	-	-
Increase (decrease) in net other post-employment benefit obligation-----	40,784	52,869	93,653	43,920	73,548	117,468
Increase (decrease) in deferred revenue-----	6,125	-	6,125	-	-	-
Total adjustments-----	1,566,195	(44,197)	1,521,998	2,578,313	(31,272)	2,547,041
Net cash provided (used) by operating activities-----	(\$20,782,511)	(\$45,616)	(\$20,828,127)	(18,351,304)	(33,358)	(18,384,662)
<u>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>						
Net increase (decrease) in fair value of investments-----	\$ -	\$259	\$259	\$ -	\$1,291	\$1,291
Total non-cash investing, capital, and financing activities-----	\$ -	\$259	\$259	\$ -	\$1,291	\$1,291

See accompanying notes to financial statements.

STATEMENTS OF NET ASSETS
RIVER CRUISES DIVISION
June 30,

OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

	<u>2012</u>	<u>2011</u>
	<u>Authority</u>	<u>Authority</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Non-pooled cash-----	\$702,036	\$862,957
Payable/due from (to) within the Department-----	64,800	-
Receivable from primary government-----	-	53
Inventories-----	8,103	1,826
Total current assets-----	774,939	864,836
<u>NON-CURRENT ASSETS</u>		
Capital assets:		
Other capital assets, net of accumulated depreciation-----	4,621,110	4,865,413
Total capital assets-----	4,621,110	4,865,413
Total assets-----	5,396,049	5,730,249
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable-----	73,040	173,725
Payable to primary government-----	-	480
Deferred revenue-----	133,000	133,000
Total current liabilities-----	206,040	307,205
<u>NON-CURRENT LIABILITIES</u>		
Deferred revenue-----	1,235,250	1,368,250
Total liabilities-----	1,441,290	1,675,455
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt-----	4,563,883	4,827,007
Unrestricted-----	(609,124)	(772,213)
Total net assets-----	\$3,954,759	\$4,054,794

See accompanying notes to financial statements.

**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
RIVER CRUISES DIVISION
For the Years Ended June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	<u>2012</u>	<u>2011</u>
	<u>Authority</u>	<u>Authority</u>
<u>OPERATING REVENUES</u>		
River cruise charges-----	\$186,020	\$209,439
Other-----	51	55
Total operating revenues-----	186,071	209,494
<u>OPERATING EXPENSES</u>		
Maintenance, operations, and contractual services-----	948,717	929,035
Materials and supplies-----	44,071	66,415
Depreciation-----	244,302	224,714
Total operating expenses-----	1,237,090	1,220,164
Payments/transfers within the Department-----	97,778	(17,275)
Operating loss-----	(953,241)	(1,027,945)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Non-capital contributions-----	133,000	133,000
Investment income-----	206	465
Payments from Oklahoma City Riverfront Redevelopment Authority-----	50,000	-
Payments from City of Oklahoma City General Fund-----	670,000	705,539
Net non-operating revenues-----	853,206	839,004
Loss before contributions and transfers-----	(100,035)	(188,941)
<u>CONTRIBUTIONS AND TRANSFERS</u>		
Capital contributions from developers-----	-	6,500
Grants capital-----	-	2,670
Total contributions and transfers-----	-	9,170
Changes in net assets-----	(100,035)	(179,771)
Total net assets, beginning-----	4,054,794	4,234,565
Total net assets, ending-----	\$3,954,759	\$4,054,794

See accompanying notes to financial statements.

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STATEMENTS OF CASH FLOWS
RIVER CRUISES DIVISION
For the Years Ended June 30,

OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

	<u>2012</u>	<u>2011</u>
	<u>Authority</u>	<u>Authority</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers-----	\$185,928	\$209,978
Cash payments to suppliers for goods and services-----	(1,061,627)	(1,020,513)
Operating payments from (to) City of Oklahoma City-----	176,216	-
Operating payments within the Department-----	(94,385)	(17,275)
Net cash provided (used) by operating activities-----	(793,868)	(827,810)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Transfers received from (paid to) other funds-----	(48,853)	98,873
Non-capital financing payments from (to) component units-----	50,000	-
Non-capital financing payments from (to) City of Oklahoma City-----	670,000	700,000
Net cash provided (used) by non-capital financing activities-----	671,147	798,873
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>		
Payments for acquisition and construction of capital assets-----	(38,406)	(36,526)
Capital financing payments from (to) City of Oklahoma City-----	-	5,539
Capital grants and contributions received-----	-	46,902
Net cash provided (used) by capital and related financing activities-----	(38,406)	15,915
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment income received-----	206	466
Net cash provided (used) by investing activities-----	206	466
Net increase (decrease) in cash-----	(160,921)	(12,556)
Cash, beginning-----	862,957	875,513
Cash, ending-----	\$702,036	\$862,957
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating income (loss)-----	(\$953,241)	(\$1,027,945)
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Depreciation-----	244,302	224,714
Changes in assets and liabilities:		
(Increase) decrease in due from other funds-----	(15,947)	164
(Increase) decrease in receivable from City of Oklahoma City-----	53	(53)
(Increase) decrease in inventories-----	(6,277)	2,381
Increase (decrease) in accounts payable-----	(62,278)	(27,551)
Increase (decrease) in payable to City of Oklahoma City-----	(480)	480
Total adjustments-----	159,373	200,135
Net cash provided (used) by operating activities-----	(793,868)	(827,810)

**STATEMENTS OF NET ASSETS
PARKING DIVISION
June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2012			2011 (Restated)		
	<u>Authority</u>	<u>Enterprise</u>	<u>Total Parking Division</u>	<u>Authority</u>	<u>Enterprise</u>	<u>Total Parking Division</u>
<u>ASSETS</u>						
<u>CURRENT ASSETS</u>						
Pooled cash-----	\$ -	\$1,556	\$1,556	\$ -	\$2,701	\$2,701
Non-pooled cash-----	750,850	-	750,850	1,110,461	-	1,110,461
Investments-----	9,020,170	49,168	9,069,338	9,563,764	72,991	9,636,755
Accounts receivable, net-----	3,096,002	-	3,096,002	84,553	-	84,553
Interest receivable-----	76	233	309	37	970	1,007
Payable/due from (to) within the Department--	(142,762)	124,230	(18,532)	(84,368)	67,986	(16,382)
Total current assets-----	<u>12,724,336</u>	<u>175,187</u>	<u>12,899,523</u>	<u>10,674,447</u>	<u>144,648</u>	<u>10,819,095</u>
<u>NON-CURRENT ASSETS</u>						
Investments-----	-	-	-	2,533,119	-	2,533,119
Deferred debt expense, net-----	-	-	-	67,615	-	67,615
Capital assets:						
Land and construction in progress-----	3,455,192	-	3,455,192	3,199,236	-	3,199,236
Other capital assets, net of accumulated depreciation-----	9,917,606	16,358	9,933,964	11,218,841	22,555	11,241,396
Total capital assets, net-----	<u>13,372,798</u>	<u>16,358</u>	<u>13,389,156</u>	<u>14,418,077</u>	<u>22,555</u>	<u>14,440,632</u>
Total non-current assets-----	<u>13,372,798</u>	<u>16,358</u>	<u>13,389,156</u>	<u>17,018,811</u>	<u>22,555</u>	<u>17,041,366</u>
Total assets-----	<u>26,097,134</u>	<u>191,545</u>	<u>26,288,679</u>	<u>27,693,258</u>	<u>167,203</u>	<u>27,860,461</u>
<u>LIABILITIES</u>						
<u>CURRENT LIABILITIES</u>						
Accounts payable-----	793,171	21,410	814,581	718,738	731	719,469
Wages and benefits payable-----	-	14,552	14,552	-	13,782	13,782
Due to other funds-----	-	518	518	-	4,037	4,037
Payable to primary government-----	140,807	-	140,807	134,756	-	134,756
Compensated absences-----	-	24,070	24,070	-	25,707	25,707
Deferred revenue-----	22,954	-	22,954	23,606	-	23,606
Bond interest payable-----	-	-	-	276,075	-	276,075
Bonds payable-----	-	-	-	1,715,000	-	1,715,000
Total current liabilities-----	<u>956,932</u>	<u>60,550</u>	<u>1,017,482</u>	<u>2,868,175</u>	<u>44,257</u>	<u>2,912,432</u>
<u>NON-CURRENT LIABILITIES</u>						
Compensated absences-----	-	49,398	49,398	-	44,391	44,391
Payable to primary government-----	970,000	-	970,000	1,091,250	-	1,091,250
Bonds payable:						
Bonds payable-----	-	-	-	9,060,000	-	9,060,000
Unamortized bond premium-----	-	-	-	303,888	-	303,888
Deferred amount on refunding-----	-	-	-	(156,200)	-	(156,200)
Bonds payable, net-----	-	-	-	9,207,688	-	9,207,688
Net other post-employment benefit obligation--	-	65,239	65,239	-	56,000	56,000
Total non-current liabilities-----	<u>970,000</u>	<u>114,637</u>	<u>1,084,637</u>	<u>10,298,938</u>	<u>100,391</u>	<u>10,399,329</u>
Total liabilities-----	<u>1,926,932</u>	<u>175,187</u>	<u>2,102,119</u>	<u>13,167,113</u>	<u>144,648</u>	<u>13,311,761</u>
<u>NET ASSETS</u>						
Invested in capital assets, net of related debt---	13,063,241	16,358	13,079,599	6,096,498	22,555	6,119,053
Restricted for: Debt service-----	-	-	-	1,716,756	-	1,716,756
Unrestricted-----	11,106,961	-	11,106,961	6,712,891	-	6,712,891
Total net assets-----	<u>\$24,170,202</u>	<u>\$16,358</u>	<u>\$24,186,560</u>	<u>\$14,526,145</u>	<u>\$22,555</u>	<u>\$14,548,700</u>

See accompanying notes to financial statements.

**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PARKING DIVISION
For the Years Ended June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2012			2011 (Restated)		
	Authority	Enterprise	Total Parking Division	Authority	Enterprise	Total Parking Division
<u>OPERATING REVENUES</u>						
Parking-----	\$5,847,988	\$ -	\$5,847,988	\$5,738,440	\$ -	\$5,738,440
Lease and rental income-----	274,398	-	274,398	396,591	-	396,591
Other-----	4,986	-	4,986	3,585	-	3,585
Total operating revenues-----	6,127,372	-	6,127,372	6,138,616	-	6,138,616
<u>OPERATING EXPENSES</u>						
Personal services-----	-	363,685	363,685	-	348,209	348,209
Maintenance, operations, and contractual services-----	2,673,705	202,445	2,876,150	2,747,369	227,944	2,975,313
Materials and supplies-----	907	27,234	28,141	45,621	4,839	50,460
Depreciation-----	520,401	6,197	526,598	549,267	6,197	555,464
Total operating expenses-----	3,195,013	599,561	3,794,574	3,342,257	587,189	3,929,446
Payments/transfers within the Department-----	(368,820)	350,231	(18,589)	(402,091)	381,181	(20,910)
Operating income (loss)-----	2,563,539	(249,330)	2,314,209	2,394,268	(206,008)	2,188,260
<u>NON-OPERATING REVENUES (EXPENSES)</u>						
Investment income-----	5,109	1,795	6,904	16,454	2,933	19,387
Interest on bonds-----	(290,751)	-	(290,751)	(492,417)	-	(492,417)
Amortization-----	(12,178)	-	(12,178)	(27,347)	-	(27,347)
Payments from Oklahoma City Economic Development Trust-----	-	-	-	8,729	-	8,729
Other revenue-----	5,100	-	5,100	105,754	-	105,754
Net non-operating revenues (expenses)-----	(292,720)	1,795	(290,925)	(388,827)	2,933	(385,894)
Income (loss) before contributions and transfers and special item-----	2,270,819	(247,535)	2,023,284	2,005,441	(203,075)	1,802,366
<u>CONTRIBUTIONS AND TRANSFERS</u>						
Transfers from other funds-----	-	241,338	241,338	-	196,878	196,878
Total contributions and transfers-----	-	241,338	241,338	-	196,878	196,878
<u>SPECIAL ITEM</u>						
Special item-----	7,373,238	-	7,373,238	-	-	-
Changes in net assets-----	9,644,057	(6,197)	9,637,860	2,005,441	(6,197)	1,999,244
Total net assets (deficit), beginning, as previously	14,526,145	22,555	14,548,700	12,612,730	(63,274)	12,549,456
Prior period adjustment-----	-	-	-	(92,026)	92,026	-
Total net assets, beginning, as restated-----	14,526,145	22,555	14,548,700	12,520,704	28,752	12,549,456
Total net assets, ending-----	\$24,170,202	\$16,358	\$24,186,560	\$14,526,145	\$22,555	\$14,548,700

See accompanying notes to financial statements.

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**STATEMENTS OF CASH FLOWS
PARKING DIVISION
For the Years Ended June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2012			2011 (Restated)		
	Authority	Enterprise	Total Parking Division	Authority	Enterprise	Total Parking Division
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers-----	\$6,008,265	\$ -	\$6,008,265	\$6,154,206	\$ -	\$6,154,206
Cash payments to suppliers for goods and services-----	(2,742,825)	(212,520)	(2,955,345)	(2,706,093)	(230,888)	(2,936,981)
Cash payments to employees and professional contractors for services-----	-	(350,305)	(350,305)	6,346	(333,757)	(327,411)
Operating payments within the Department-----	(293,988)	293,988	-	(426,131)	405,221	(20,910)
Net cash provided (used) by operating activities-----	2,971,452	(268,837)	2,702,615	3,028,328	(159,424)	2,868,904
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers received from (paid to) other funds-----	-	241,338	241,338	-	196,878	196,878
Other non-capital financing cash receipts-----	(3,433)	-	(3,433)	8,760	-	8,760
Net cash provided (used) by non-capital financing activities-----	(3,433)	241,338	237,905	8,760	196,878	205,638
CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES						
Payments for acquisition and construction of capital assets-----	(564,309)	-	(564,309)	(1,562,098)	-	(1,562,098)
Principal paid on long-term debt-----	(1,715,000)	-	(1,715,000)	(1,635,000)	-	(1,635,000)
Interest paid on long-term debt-----	(574,927)	-	(574,927)	(593,025)	-	(593,025)
Payments to defease bonds-----	(12,111,260)	-	(12,111,260)	-	-	-
Capital financing payments from (to) component units-----	(121,250)	-	(121,250)	278,754	-	278,754
Proceeds from sale of assets-----	8,677,334	-	8,677,334	-	-	-
Net cash provided (used) by capital and related financing activities-----	(6,409,412)	-	(6,409,412)	(3,511,369)	-	(3,511,369)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments-----	(16,996,150)	-	(16,996,150)	(18,528,050)	-	(18,528,050)
Proceeds from sale of investments-----	20,059,546	-	20,059,546	19,150,782	-	19,150,782
Changes in pooled investments-----	-	23,916	23,916	(13,317)	(41,215)	(54,532)
Investment income received-----	18,386	2,400	20,786	16,526	2,268	18,794
Purchased interest-----	-	38	38	(1)	-	(1)
Net cash provided (used) by investing activities-----	3,081,782	26,354	3,108,136	625,940	(38,947)	586,993
Net increase (decrease) in cash-----	(359,611)	(1,145)	(360,756)	151,659	(1,493)	150,166
Cash, beginning-----	1,110,461	2,701	1,113,162	958,802	4,194	962,996
Cash, ending-----	\$750,850	\$1,556	\$752,406	\$1,110,461	\$2,701	\$1,113,162
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)-----	\$2,563,539	(\$249,330)	\$2,314,209	\$2,394,268	(\$206,008)	\$2,188,260
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Depreciation-----	520,401	6,197	526,598	549,267	6,197	555,464
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable-----	(102,589)	-	(102,589)	52,338	-	52,338
(Increase) decrease in payments/transfers from (to) within the Department-----	56,243	(56,243)	-	(24,040)	24,040	-
(Increase) decrease in due from other funds-----	5,583	-	5,583	6,510	-	6,510
Increase (decrease) in accounts payable-----	(77,124)	20,678	(56,446)	99,114	(1,415)	97,699
Increase (decrease) in wages and benefits payable-----	-	772	772	-	(2,982)	(2,982)
Increase (decrease) in due to other funds-----	-	(3,519)	(3,519)	-	3,311	3,311
Increase (decrease) in payable to City of Oklahoma City-----	6,051	-	6,051	(5,600)	-	(5,600)
Increase (decrease) in compensated absences-----	-	3,369	3,369	-	2,765	2,765
Increase (decrease) in net other post-employment benefit obligation-----	-	9,239	9,239	-	14,668	14,668
Increase (decrease) in deferred revenue-----	(652)	-	(652)	(43,529)	-	(43,529)
Total adjustments-----	407,913	(19,507)	388,406	634,060	46,584	680,644
Net cash provided (used) by operating activities-----	\$2,971,452	(\$268,837)	\$2,702,615	\$3,028,328	(\$159,424)	\$2,868,904
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						
Net increase (decrease) in fair value of investments-----	(\$13,317)	\$94	(\$13,223)	\$13,317	\$907	\$14,224
Total non-cash investing, capital, and financing activities-----	(\$13,317)	\$94	(\$13,223)	\$13,317	\$907	\$14,224

See accompanying notes to financial statements.

**COTPA RETIREMENT TRUST
STATEMENTS OF PLAN NET ASSETS
June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
<u>RECEIVABLES</u>		
Interest and dividends-----	\$9,740	\$6,874
Employer-----	19,154	19,264
Plan members-----	14,298	15,068
Total receivables-----	<u>43,192</u>	<u>41,206</u>
<u>INVESTMENTS, AT FAIR VALUE</u>		
Domestic common stock-----	4,605,150	4,509,435
Passive domestic stock funds-----	731,090	720,331
Government securities/fixed income-----	143,294	132,236
Passive bond fund-----	1,858,095	1,567,741
International stock-----	829,711	1,113,953
Treasury money market fund-----	106,006	103,192
Real estate-----	90,550	80,979
Total investments-----	<u>8,363,896</u>	<u>8,227,867</u>
Total assets-----	<u>8,407,088</u>	<u>8,269,073</u>
<u>LIABILITIES</u>		
Accounts payable-----	<u>21,768</u>	<u>14,306</u>
<u>NET ASSETS</u>		
Held in trust for pension benefits-----	<u>\$8,385,320</u>	<u>\$8,254,767</u>

See accompanying notes to financial statements.

**COTPA RETIREMENT TRUST
STATEMENTS OF CHANGES IN PLAN NET ASSETS
For the Years Ended June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	<u>2012</u>	<u>2011</u>
<u>ADDITIONS</u>		
<u>CONTRIBUTIONS</u>		
Employer-----	\$498,772	\$489,196
Plan members-----	385,312	376,862
Total contributions-----	884,084	866,058
<u>INVESTMENT INCOME</u>		
Net appreciation (depreciation) in fair value of investments-----	(269,808)	1,387,895
Interest-----	54,659	52,625
Dividends-----	129,455	104,022
	(85,694)	1,544,542
Less: investment expense-----	(33,756)	(31,969)
Net investment income (loss)-----	(119,450)	1,512,573
Other-----	275	350
Total additions-----	764,909	2,378,981
<u>DEDUCTIONS</u>		
Benefits paid-----	495,515	451,323
Refunds of contributions-----	98,306	149,289
Administrative expenses-----	40,535	27,007
Total deductions-----	634,356	627,619
Change in net assets-----	130,553	1,751,362
<u>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</u>		
Beginning of year-----	8,254,767	6,503,405
End of year-----	\$8,385,320	\$8,254,767

See accompanying notes to financial statements.

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Notes to Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Oklahoma City Public Transportation and Parking Department (Department) financial activities for the fiscal years ended 2012 and 2011.

I. B. BASIS OF PRESENTATION

I. B. 1. DEPARTMENT REPORTING ENTITY AND RELATIONSHIP TO THE CITY

The Department consists of the combined financial transactions of the Central Oklahoma Transportation and Parking Authority (Authority) and the Transportation and Parking Enterprise (Enterprise) funds of the City of Oklahoma City (City). The Central Oklahoma Transportation and Parking Authority Employee Retirement Trust (COTPA Retirement) is reported with the fund financial statements as a discrete fiduciary component unit of the Authority. COTPA Retirement resources are not available to fund Department programs.

Authority

The Authority was created in 1966 as a public trust pursuant to Title 60 of the Oklahoma Statutes, Section 176, et. seq. The purpose of the Authority is to provide a means of financing municipal public transportation services and public parking facilities. The trust indenture provides that the Authority will acquire and operate the transportation service and parking facilities and equipment, receive all revenue generated from these services, pay the debt service requirements on the revenue bonds issued by the Authority, pay all operating expenses, and finance future improvements.

The Authority funds are the legal funds through which the Authority's employees are compensated. Authority employees are generally bus operators, mechanics, and certain administrative staff. Employee salaries and benefits, certain maintenance and contractual items, certain supplies, administrative chargebacks from the City, and certain capital asset acquisitions are paid by the Authority's funds. Authority funds also account for long-term leasing, financing, and other necessary business activities not budgeted within the City Enterprise funds.

City

Oklahoma City is a charter city in which citizens elect the Mayor at large and eight Council members by wards. The City is the beneficiary of the public trust operated by the Authority. Upon termination of the trust, the residual of the trust estate will revert to the City. The City has no legal obligation for debt issued by the Authority. The Trustees of the Authority are the Mayor, City Manager, City Finance Director, and five citizens appointed by the City Council upon nomination by the Mayor. The City also provides substantial funding to the Authority for operations and asset acquisitions.

The City hires the Department's Director who is responsible for hiring all other employees of the Authority. The City Council approves subsidies from the City to the Authority. The Authority is included in the City's financial reporting entity.

The Enterprise funds of the City are the legal funds through which the Department's City employees are compensated. Employee salaries, employee benefits, certain maintenance and contractual items, certain supplies, administrative chargebacks from the City, and certain capital assets are reported in these funds.

COTPA Retirement

COTPA Retirement is a single employer public employee retirement system established in 1970. It is a defined benefit pension plan for Authority employees. COTPA Retirement does not have employees. All administrative tasks are performed by employees of the Authority.

Method of Reporting in the City's Comprehensive Annual Financial Report (CAFR)

The Department is included in the City's financial reporting entity. The Authority is presented as a discrete component unit, the Enterprise funds are presented as non-major funds of the City, and COTPA Retirement is presented as a fiduciary pension trust fund. The City CAFR may be obtained from the Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

Related Organization

Oklahoma City Riverfront Redevelopment Authority (OCRRA)

OCRRA is a public trust of the City. On January 13, 2006, the Authority Trustees approved a resolution accepting an administrative role in developing and operating the water transport system as part of a joint Oklahoma River Water Mobility System Plan (System Plan). On June 20, 2006, the City Council approved a joint resolution with the Authority and OCRRA regarding the assignment and acceptance of responsibilities. Per the resolution, the Authority will be primarily responsible for operations and finance issues, while OCRRA will provide support in areas of planning, development, and marketing. Activity relating to the System Plan is included in the financial statements of the Authority River Cruises Fund.

I. B. 2. BASIC FINANCIAL STATEMENTS

Department-wide Financial Statements

The basic financial statements include the statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows. These statements report financial information for the Department as a whole.

Fund Financial Statements

Fund financial statements are combined by Division for Department funds, and all funds are considered major. COTPA Retirement is reported separately from Department funds.

Transportation Division

Authority Transportation Fund

This fund is used to account for the operations and capital investments; including financing and other business activities, of the Oklahoma City metropolitan public transportation system not budgeted in the City Enterprise Transportation Fund.

Enterprise Transportation Fund

This fund is used to account for the City transportation related employees' payroll and benefits, and administrative and internal services chargebacks and is funded by the Authority Transportation Fund.

River Cruises Division

Authority River Cruises Fund

This fund is used to account for the operations and capital investments, including financing and other business activities, of the Oklahoma River Water Transport Mobility System consisting of the operation of river boats on the Oklahoma River.

Parking Division

Authority Parking Fund

This fund is used to account for the operations and capital investments; including financing and other business activities, of the Oklahoma City metropolitan public parking system not budgeted in the City Enterprise Parking Fund.

Enterprise Parking Fund

This fund is used to account for the City parking related employees' payroll and benefits, and administrative and internal services chargebacks and is funded by the Authority Parking Fund.

I. B. 3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Implementation of New Accounting Standard

Effective July 1, 2011, the Department implemented Governmental Accounting Standards Board (GASB) statement number 62, Codification of Accounting and Financial Reporting Guidance Contained in FASB and Accounting Standards Board (APB) opinions issued on or before November 30, 1989. This statement places all Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements issued on or before November 30, 1989, within the authoritative GASB literature. Prior to implementation, the Department applied all relevant reporting guidance contained in FASB pronouncements and APB opinions issued on or before November 30, 1989, unless they conflicted with GASB pronouncements, therefore implementation had no financial or reporting impact to the Department's financial statements.

Generally Accepted Accounting Principles (U.S. GAAP)

The financial statements of the Department are prepared in accordance with U.S. GAAP. The Authority applies all relevant GASB pronouncements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Department reports using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. COTPA Retirement financial statements also report using this same focus and basis of accounting. Employer and participant contributions are recognized in the period in which contributions are due and the Department has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the pension plan.

Department Funds

All assets and liabilities (whether current or non-current) are included in the statement of net assets.

Operating income reported in the fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets.

COTPA Retirement Fund

All assets and liabilities (whether current or non-current) are included in the statement of plan net assets. Changes in plan net assets reported in the fund financial statements include additions and deductions related to retirement benefits provided to Authority employees. Additions are contributions from the Authority and Plan members, and investment income. Deductions include the cost of benefits and administrative expenses.

I. C. BUDGET LAW AND PRACTICE

Budget Approval

Authority Funds

Oklahoma Statutes require the submission of financial information for public trusts. However, legal budgetary control levels are not specified. Accordingly, the Authority's budget is submitted to its governing body for approval. Appropriations are recorded and available for encumbrance or expense as revenue is received in cash. Revenues are budgeted by source. For general operations, expenses are budgeted by department and class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. Expenses may not exceed appropriations. Budget revisions at this level are managed administratively and reported to the Board of Trustees. Revisions to the budget are made throughout the year. For capital and grant related expenses, budgetary control is exercised on a project-length basis. Therefore, appropriations are carried forward each year until projects are completed. Management's policy prohibits expenses to exceed appropriations at the detail, line-item level. Management may transfer appropriations without governing body approval.

Enterprise Funds

The City Manager submits an annual budget to the City Council in accordance with the City Charter and the Oklahoma Municipal Budget Act. The budget is presented to the City Council for review, and public hearings are held to address priorities and the allocation of resources. In June, the City Council adopts the annual fiscal year budgets for City funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Basis of Budgeting

Department Funds

Revenues are budgeted by source. Expenses are budgeted by department and class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. Budget revisions at this level are managed administratively and reported to the City Council. The legal level of control is by department and class within a fund. Expenses may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget can be made throughout the year.

I. D. POLICIES RELATED TO ASSETS AND LIABILITIES

I. D. 1. CASH AND INVESTMENTS

The Enterprise Funds are subject to the City's deposit and investment policy formally adopted by the City Council. The Authority's governing board formally adopted the City's deposit and investment policy for unrestricted accounts in addition to policies specified in the Authority bond indenture applicable to the Department's Authority funds as restricted by the indenture. COTPA Retirement has deposit and investment policies separately approved by the retirement system's Board.

Investments are reported at fair value which is determined using selected bases. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement system not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Cash deposits are reported at carrying amount which approximates fair value.

I. D. 2. INVENTORIES AND PREPAIDS

Inventories are recorded at a weighted average. Inventories are primarily fuel, vehicle parts and supplies. Prepaids are recorded when purchased and expensed when used.

I. D. 3. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables represent the receivable from the Federal Transit Administration for transit assistance for reimbursement of capital outlay and maintenance costs related to those capital assets.

I. D. 4. RESTRICTED ASSETS

Certain assets are restricted for capital projects funded through long-term debt and debt service reserves. Restricted deposits and investments are legally restricted for the payment of currently maturing debt service.

When both restricted and unrestricted resources are available for use, it is the Trust's policy to use restricted resources first, then unrestricted resources as needed.

I. D. 5. INTERFUND BALANCES

Generally, outstanding balances between funds reported as due to/from other funds include outstanding charges by one City fund to another for services or goods, subsidy commitments outstanding at year-end, or other miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans).

All activity between funds of the Department are eliminated. Amounts reported as due to/from or payable to/from are due to funds external of the Department but within the City.

I. D. 6. CAPITALIZED INTEREST

Interest costs are capitalized when incurred on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized.

I. D. 7. CAPITAL ASSETS AND DEPRECIATION

Property and equipment are recorded at cost and presented net of accumulated depreciation. Capital assets are depreciated on a straight-line basis over the estimated economic useful lives of the respective assets as follows: 50 years for parking garages and buildings; 20 years for other improvements; 5 to 12 years for vans, buses, trolleys, and automobiles; 25 years for watercraft; and 3 to 10 years for furniture, fixtures and equipment. Leasehold improvements are amortized on a straight-line basis over the lesser of the terms of the related leases or the useful lives of the improvements. The Department generally capitalizes assets with cost of \$7,500 or more as purchases and construction outlays occur. Assets purchased or constructed with grants are the exception. These assets are capitalized at cost of \$5,000 or more. Maintenance and repairs are charged to operations, while renewals and betterments are capitalized. When property is retired or otherwise disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting difference is recorded as non-operating revenues/expenses.

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

I. D. 8. LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND DISCOUNTS OR PREMIUMS

Outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

I. D. 9. COMPENSATED ABSENCES

Compensated absences represent the accrued vested vacation and sick leave benefits attributable to full-time employees based on the personnel policies or union bargaining agreements of the City and the Authority.

I. D. 10. RISK MANAGEMENT

The Department's risk management activities are administered by the City Risk Management Fund and the Oklahoma City Municipal Facilities Authority (OCMFA) OCMFA Services Fund. These funds administer employee life, employee health, property and liability, workers' compensation, unemployment, and disability insurance programs for the City and related Trusts and Authorities. The Department pays premiums to the City to cover its estimated share of the current costs incurred by the insurance programs.

Significant losses are covered by commercial insurance for the property and liability programs. The City offers three different employee health and life options, of which two of the three are fully insured. The third option, the indemnity healthcare option, is covered by stop-loss coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City and OCMFA record estimated liabilities for indemnity health care, worker's compensation, torts, and other claims against the City and related Trusts and Authorities. The Department does not recognize any separate liabilities related to risk management.

The Authority is self-insured for liability related to accidents involving their transportation equipment up to \$75,000 per incident.

I. D. 11. USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

I. D. 12. FUND EQUITY

Net Assets

Proprietary fund financial statements report net assets. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net assets.

Net Assets Invested in Capital Assets, Net of Related Debt

The amount reported is calculated as total capital assets less accumulated depreciation and outstanding debt used to purchase the assets net of unspent portions. Unspent portions of bonds payable, along with any amounts used to fund debt reserves, are included with restricted net assets.

Restricted Net Assets

Amounts reported as restricted for debt service include those amounts held in restricted accounts as required by the debt instrument. Restricted amounts held to pay bond interest are reduced by accrued interest payable. Net assets restricted for capital projects include unspent debt proceeds legally restricted for capital outlays. Restricted net assets also include purpose restrictions from enabling legislation and other external sources.

I. E. TAX STATUS

The Authority is exempt from Federal and state income taxes under section 115 of the Internal Revenue Code for any trade or business related to the Authority's tax-exempt purpose or function.

I. F. RETAINAGES

It is the policy of the Department to retain a percentage of construction contracts until a completed project has been accepted by the Trustees. Contractors may request to opt out of this retainage by providing a certificate of deposit with the City. The City holds the certificate of deposit and the Department retains the risk of incurring costs related to a contractor's failure to perform. However, in the event of non-performance, the City calls the certificate and pays the proceeds to the Department to cover any costs incurred. The Department does not record the effect of holding the certificates of deposit.

II. DETAIL NOTES ON ASSETS AND LIABILITIES

II. A. ASSETS

II. A. 1. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. The Authority's policy requires deposits to be 110 percent secured by collateral valued at market less the amount of the Federal depository insurance. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health, as determined by the bank's institutional rating on each of the performance evaluations conducted pursuant to the Federal Community Reinvestment Act, 12 United States Code, Section 2901. Collateral agreements must be approved prior to deposit of funds as provided by law. The City Council approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of the City Treasurer.

At June 30, 2012, the Authority's cash is collateralized with securities held by the pledging financial institution in the name of the Authority, less Federal depository insurance.

Investments

The Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Authority's financial position. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

	2012				
	Fair Value/ <u>Carrying Amount</u>	<u>Cost</u>	<u>Ratings (1)</u>	Weighted Average Months to <u>Maturity (2)</u>	Effective <u>Duration (2)</u>
<i>Department</i>					
Authority money market funds	\$9,020,170	\$9,020,170	N/A	1.17	N/A
Authority U.S. Treasury bill	999,747	999,747	AAA/Aaa	0.63	N/A
Enterprise pooled investments (3)	<u>55,118</u>	<u>55,119</u>	AAA/Aaa	N/A	N/A
Total department investments	<u>\$10,075,035</u>	<u>\$10,075,036</u>			
<i>COTPA Retirement</i>					
Mutual funds (4)					
Equity	\$6,256,501	\$5,090,742	N/A	N/A	N/A
Bond	2,001,389	1,886,737	Not Rated	72.22	N/A
Money market funds	<u>106,006</u>	<u>106,006</u>	AAA/Aaa	1.27	N/A
Total fiduciary investments	<u>\$8,363,896</u>	<u>\$7,083,485</u>			

(continued)

NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

OKLAHOMA CITY
PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

Investments (continued)

	2011				
	Fair Value/ Carrying Amount	Cost	Ratings (1)	Weighted Average Months to Maturity (2)	Effective Duration (2)
<u>Department</u>					
Authority money market funds	\$12,096,883	\$12,096,883	AAA/Aaa	1.30	N/A
Enterprise pooled investments (3)	<u>121,087</u>	<u>121,086</u>	AAA/Aaa	N/A	N/A
Total department investments	<u>\$12,217,970</u>	<u>\$12,217,969</u>			
<u>COTPA Retirement</u>					
Mutual funds (4)					
Equity	\$6,424,698	\$4,767,096	N/A	N/A	N/A
Bond	1,699,977	1,604,901	Not Rated	N/A	49
Money market funds	<u>103,192</u>	<u>103,192</u>	AAA/Aaa	0.45	N/A
Total fiduciary investments	<u>\$8,227,867</u>	<u>\$6,475,189</u>			

- (1) Ratings are provided where applicable to indicate associated credit risk.
- (2) Interest rate risk is estimated using weighted average months to maturity.
- (3) Enterprise investments are allocated from total City pooled investments.

	2012			
	Fair Value/ Carrying Amount	Cost	Ratings (1)	Weighted Average Months to Maturity (2)
Money market funds	\$594,006	\$594,006	AAA/Aaa	1.80
U.S. Treasury notes	160,540,569	161,272,523	N/A	19.35
Fannie Mae	144,286,004	144,149,442	AA+/Aaa	16.88
Federal obligations	<u>172,941,377</u>	<u>173,586,955</u>	AA+/Aaa	18.83
	<u>\$478,361,956</u>	<u>\$479,602,926</u>		
	2011			
	Fair Value/ Carrying Amount	Cost	Ratings (1)	Weighted Average Months to Maturity (2)
Money market funds	\$5,537,006	\$5,537,006	AAA/Aaa	1.43
U.S. Treasury notes	71,186,135	71,213,594	N/A	18.89
Fannie Mae	147,494,645	148,760,645	AAA/Aaa	19.80
Federal obligations	<u>183,207,665</u>	<u>183,466,870</u>	AAA/Aaa	23.56
	<u>\$407,425,451</u>	<u>\$408,978,115</u>		

- (4) Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. COTPA Retirement has \$829,711 and \$1,113,953 invested in international mutual funds at June 30, 2012 and 2011, respectively.

Investment Policies

The Authority's investment policy is maintained by the City Treasurer. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Authority funds may be invested in: (1) direct obligations of the U.S. government, its agencies or instrumentalities to the payment of which the full faith and credit of the U.S. government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged; (2) Federal agency or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those insured by or fully guaranteed as principal and interest by Federal agencies or U.S. government-sponsored enterprises; (3) collateralized or insured certificates of deposit and other evidences of deposits at banks, savings and loan associations, and credit unions located in Oklahoma when secured by appropriate collateral or fully insured certificates of deposit and other evidences of deposits at banks, savings and loan associations, and credit unions located outside of Oklahoma; (4) repurchase agreements that have underlying collateral of direct obligations or obligations of the U.S. government, its agencies, and instrumentalities; (5) money market funds regulated by the Securities and Exchange Commission which consist of authorized domestic securities with restrictions as specified in state law; (6) Savings accounts or certificates of savings and loan associations, banks, and credit unions, to the extent the accounts are fully insured by Federal depository insurance; (7) State and Local Government Series (SLGS); (8) City direct debt obligations for which an ad valorem tax may be levied or bonds issued by a public trust of which the City is a beneficiary and judgments rendered against the City by a court of record, provided it is a prudent investment; (9) Prime commercial paper with a maturity date less than 180 days which represents less than 10% of the outstanding paper of an issuing corporation.

Under the policy, the Authority may not invest in reverse repurchase agreements, derivative instruments created from, whose value depends on, or is derived from, the value of one or more underlying assets or indices of asset values and/or has no call options prior to the desired maturity or is a variable rate instrument. Collateralization is further restricted to permitted investments shown previously as items (1) and (2).

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. Unless matched to a specific cash flow, investments are not made in securities maturing more than five years from the date of purchase. Certificates of deposit may not be purchased with maturities greater than 365 days from date of purchase.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. Cumulatively, portfolios of the Authority may not be invested in any given financial institution in excess of 5% of such institution's total assets. Additionally, no more than 5% of the total Authority portfolio may be placed with any single financial institution. U.S. government securities, SLGS, City judgments, repurchase agreements, and money market funds are excluded from these restrictions.

Portfolio Structure (1)

Investment Type Limitations		Maturity Limitations	
Percentage of Total Invested Principal		Percentage of Total Invested Principal	
	Maximum % (2)		Maximum % (4)
Repurchase agreements	100%	0-1 year	100%
U.S. Treasury securities (3)	100	1-3 years	90
Certificates of deposit	50	3-5 years	90
Money market funds	100		
Savings account	100		
U.S. non-callable agencies securities	100		
U.S. Callable Agency Securities	20		
Prime Commercial Paper	7.5		
City Judgments	5		

(1) Specifically matched cash flows are excluded.

(2) For investments listed, there is no minimum percentage specified under the policy.

(3) Includes SLGS.

(4) For maturities limited to 0-1 year, the minimum percentages allowed under the policy are 5-25%.

Department policy also allows surplus cash, certificates of deposit, and repurchase agreements to be collateralized with securities with longer maturities if such maturity does not exceed ten years.

Authority Indenture Restrictions

Authority non-pooled cash and investments are restricted in purpose by the policies incorporated in the applicable bond indenture. A Trustee bank provides the management of these restricted, non-pooled investments. Custodial credit risk for investments is not addressed by the bond indenture.

The Authority bond indenture prescribes authorized investments for accounts restricted under the indenture to (1) direct obligations unconditionally guaranteed by the U. S.; (2) bonds or debentures payable in cash issued by the following Federal agencies: (a) Export Import Bank of the United States, (b) Federal Financing Bank, (c) Farmer's Home Administration, (d) Federal Housing Administration, (e) Maritime Administration, (f) Public Housing Authorities, (g) Government National Mortgage Association; (3) investments fully insured by FDIC including: (a) certificates of deposit, (b) savings accounts, (c) deposit accounts, (d) depository receipts; (4) certificates of deposit in excess of FDIC insurance properly secured by collateral security consisting of obligations described in (1) and (2) above; (5) commercial paper; (6) money market funds; (7) investment agreements.

The bond indenture provides that investments mature in no more than six to sixty months, depending on the purpose of the funds and the requirements of the account in which funds are deposited (bond, operating and maintenance, construction, etc.).

Pension Trust Investment Policy

COTPA Retirement has investment policies separately approved by the oversight board. Investment activity follows the Prudent Person Rule providing for the preservation of capital, with the goal to achieve the highest possible rate of return consistent with the tolerance for risk determined by the board. Investment policies provide for investment manager(s) who have full discretion of assets allocated to them subject to the overall investment guidelines set out in the policy.

Manager performance is reviewed by a consultant who provides reports to the governing board. Any changes in the investment management firm must be reported as they occur. Overall investment guidelines provide for diversification and allow investment in domestic and international common stocks, fixed income securities, cash equivalents, index funds, collective trust funds, and mutual funds. The policy provides for the engagement of a custodian who accepts possession of securities for safekeeping; collects and disburses income; collects principal of sold, matured, or called items, and provides periodic accounting to the board. COTPA Retirement policy prohibits investment of more than 5% of its assets in the securities of any one issuer with the exception of the U.S. government. Policy further prohibits investment of more than 20% in any one market sector. Limit common stocks purchases to those issues on which the investment manager maintain current opinions. Fixed income securities must be rated at least A. Commercial paper must be rated A1, P1. Obligations of the U.S. government or its agencies maturing in one year or less. Repurchase agreements must be collateralized by U.S. government/agency assets. Money Market mutual funds and bank STIF funds are subject to the same restrictions of rating A1, P1, maturing in one year or less, and must be collateralized by the U.S. government/agency assets. Mutual and collective trust funds, and insurance company separate must have at least a five year history, \$50 million in assets (\$30 millions for international/emerging markets) under management, and the same management and investment strategy for the previous five years. Alternatives mutual funds use market neutral, long-short, and arbitrage strategies or invest in real estate investment trusts or commodity indices, which enhances the diversification of the overall portfolio by including positions whose gains and losses are not correlated with the other portions of the portfolio and improve the risk-adjusted return on the portfolio.

Asset allocation guidelines

	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>	<u>2012</u>	<u>2011</u>
				<u>Actual</u>	<u>Actual</u>
Domestic equities	35%	45%	65%	47%	65%
International	5	10	15	10	14
Alternatives	0	20	25	18	0
Fixed income	20	25	40	25	22

Cash Reserve Policy

The Board may elect to reduce risk exposure by raising cash reserves, it may, at its discretion retain a manager to manage such cash reserves in a Special Cash Reserve Fund. The implementation of a cash reserve policy will be driven by the current level of interest rates as reflected by the discount rate as determined by the Federal Reserve.

Cash Reserve Guidelines

<u>Percent of total Fund Invested in Special Cash Reserve Fund</u>	<u>Discount Rate Levels</u>
0-3%	4% or less
6	>4% to 6%
12	6% to 7%
18	7% to <8%
24	8% to <9%
30	9% or above

The fixed income portfolio may be invested 100% in securities maturing in 30 years or less. The policy also requires that the active fixed income manager maintain portfolio duration at a minimum of 50% and a maximum of 150% of the Barclays Aggregate Bond Index (AGG=100).

Securities Held by Others

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Department policy provides that investment collateral is held by a third party custodian with whom the Department has a current custodial agreement in the Department's name or be held in the name of both parties by the Federal Reserve Bank servicing Oklahoma.

COTPA Retirement held \$6,165,951 and \$6,343,719 in common stock or stock funds at June 30, 2012 and 2011, respectively. These are held by the investment counterparty, not in the name of COTPA Retirement or the Authority.

Compliance with State Requirements

Department investment policy and the bond indenture, as well as, the pension trust policy, are more restrictive than the requirements of Oklahoma law found in Title 60 of the Oklahoma Statutes and the standards of the Oklahoma Uniform Prudent Investor Act. These statutes restrict public Department investing to the Prudent Investor Rule defined by Title 60 of the Oklahoma Statutes to consider the purposes, terms, distribution requirements, and other circumstances of the Trust and to exercise reasonable care, skill, and caution. Investment decisions must be evaluated not in isolation, but in the context of the Department portfolio as a whole and as a part of the overall investment strategy having risk and return objectives reasonably suited to the Department.

Restricted Deposits and Investments

	<u>2012</u>		<u>2011</u>
Bond principal and interest accounts	\$ -		\$1,991,075
Bond reserve accounts	-		<u>2,533,119</u>
	<u>\$ -</u>		<u>\$4,524,194</u>

II. A. 2. ACCOUNTS RECEIVABLE AND UNCOLLECTIBLE AMOUNTS

Receivables include monthly parking agreements, public transportation incentive agreements with various downtown vendors, and charter services. These receivables are due in less than one year. Transportation receivables are considered fully collectible. The allowance amount for parking is estimated using accounts receivable past due more than 90 days. In 2012, accounts receivable also includes \$2,908,860 receivable from the refunding escrow agent related to the defeasance of bonds.

	<u>2012</u>			<u>2011</u>
	<u>Transportation</u>	<u>Parking</u>	<u>Total</u>	<u>Total</u>
Accounts receivable	\$91,542	\$3,113,900	\$3,205,442	\$190,451
Less: Allowance for uncollectible accounts	-	(17,898)	(17,898)	(16,855)
Net accounts receivable	<u>\$91,542</u>	<u>\$3,096,002</u>	<u>\$3,187,544</u>	<u>\$173,596</u>
Affect on revenues for change in uncollectibles	<u>\$ -</u>	<u>(\$1,043)</u>	<u>(\$1,043)</u>	<u>(\$7,767)</u>

II. A. 3. INVENTORIES

	<u>2012</u>	<u>2011</u>
Diesel fuel, gasoline and oil	\$54,550	\$60,241
Vehicle parts and supplies	807,244	718,941
	<u>\$861,794</u>	<u>\$779,182</u>

II. A. 4. PREPAIDS

Prepays consists of maintenance support with Trapeze Software Group regarding the Authority's transportation services. The coverage period is through February 28, 2013. At June 30, 2012, \$6,676 was reported as current prepaids in Transportation Division. There were no prepaids reported at June 30, 2011.

NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

OKLAHOMA CITY
PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

II. A. 5. CAPITAL ASSETS

Changes in Capital Assets

	2012					Total Non-depreciable
	Land	Construction In Progress				
CAPITAL ASSETS, NOT DEPRECIATED						
Balance, June 30, 2011	\$4,609,827	\$1,774,894				\$6,384,721
Increases	-	1,540,517				1,540,517
Decreases	(390,000)	(26,158)				(416,158)
Total capital assets, not depreciated	<u>\$4,219,827</u>	<u>\$3,289,253</u>				<u>7,509,080</u>
CAPITAL ASSETS, DEPRECIATED						
Balance, June 30, 2011	\$14,553,197	\$7,853,140	\$21,568,354	\$26,121,857	\$5,275,380	\$75,371,928
Increases	136,312	-	462,342	80,990	-	679,644
Decreases	-	(302,965)	-	(3,061,567)	(32,857)	(3,397,389)
Balance, June 30, 2012	<u>14,689,509</u>	<u>7,550,175</u>	<u>22,030,696</u>	<u>23,141,280</u>	<u>5,242,523</u>	<u>72,654,183</u>
ACCUMULATED DEPRECIATION						
Balance, June 30, 2011	3,774,074	4,353,883	13,438,045	15,556,204	3,564,747	40,686,953
Increases	311,005	276,250	1,552,317	446,586	416,920	3,003,078
Decreases	-	(85,569)	-	(2,139,673)	(948)	(2,226,190)
Balance, June 30, 2012	<u>4,085,079</u>	<u>4,544,564</u>	<u>14,990,362</u>	<u>13,863,117</u>	<u>3,980,719</u>	<u>41,463,841</u>
Total capital assets, depreciated	<u>\$10,604,430</u>	<u>\$3,005,611</u>	<u>\$7,040,334</u>	<u>\$9,278,163</u>	<u>\$1,261,804</u>	<u>31,190,342</u>
Total Department capital assets, net						<u>\$38,699,422</u>

	2011					Total Non-depreciable
	Land	Construction In Progress				
CAPITAL ASSETS, NOT DEPRECIATED						
Balance, June 30, 2010	\$4,609,827	\$1,513,193				\$6,123,020
Increases	-	1,916,619				1,916,619
Decreases	-	(1,654,918)				(1,654,918)
Total capital assets, not depreciated	<u>\$4,609,827</u>	<u>\$1,774,894</u>				<u>6,384,721</u>
CAPITAL ASSETS, DEPRECIATED						
Balance, June 30, 2010	\$12,755,917	\$7,819,191	\$20,702,728	\$25,989,230	\$5,572,038	\$72,839,104
Increases	1,797,280	45,337	1,486,906	132,627	147,215	3,609,365
Decreases	-	(11,388)	(621,280)	-	(443,873)	(1,076,541)
Balance, June 30, 2011	<u>14,553,197</u>	<u>7,853,140</u>	<u>21,568,354</u>	<u>26,121,857</u>	<u>5,275,380</u>	<u>75,371,928</u>
ACCUMULATED DEPRECIATION						
Balance, June 30, 2010	3,481,741	4,081,957	12,099,016	15,083,499	3,521,507	38,267,720
Increases	292,333	273,409	1,724,062	472,705	414,396	3,176,905
Decreases	-	(1,483)	(385,033)	-	(371,156)	(757,672)
Balance, June 30, 2011	<u>3,774,074</u>	<u>4,353,883</u>	<u>13,438,045</u>	<u>15,556,204</u>	<u>3,564,747</u>	<u>40,686,953</u>
Total capital assets, depreciated	<u>\$10,779,123</u>	<u>\$3,499,257</u>	<u>\$8,130,309</u>	<u>\$10,565,653</u>	<u>\$1,710,633</u>	<u>34,684,975</u>
Total department capital assets, net						<u>\$41,069,696</u>

Depreciation Expense

	<u>2012</u>	<u>2011</u>
Transportation	\$2,232,178	\$2,396,727
River Cruises	244,302	224,714
Parking	526,598	555,464
	<u><u>\$3,003,078</u></u>	<u><u>\$3,176,905</u></u>

II. A. 6. OTHER ASSETS

	<u>2012</u>	<u>2011</u>
Insurance security deposit	\$65,000	\$65,000
Flexible compensation plan escrow	4,283	4,283
Net pension asset	374,943	257,750
	<u><u>\$444,226</u></u>	<u><u>\$327,033</u></u>

II. B. LIABILITIES

II. B. 1. DEFERRED REVENUES

In July and August 2007, the Authority and the OCRRA, respectively, entered into an agreement with Devon Energy Corporation (Devon) for \$2 million. Among other conditions, the agreement grants Devon the exclusive naming rights for the Oklahoma River Transit System (ORTS), which covered the three ORTS watercraft placed into service by the Authority, and is effective for an initial term of 15 years (commencing October 1, 2007). Devon has the option to extend this agreement for one additional 5-year renewal period. In addition, Devon was granted the right of first refusal for naming rights to any additional watercraft placed into service by the Authority. The payment amount, set forth in the agreement, was received from Devon by the OCRRA in a lump sum and transferred to the Authority to finance needed system acquisitions.

Should the Authority Trustees or OCRRA Trustees elect to terminate operation of the ORTS system prior to the expiration of the initial term of the agreement (September 30, 2022), the Authority shall reimburse Devon \$133,000 per year for each year of the initial term remaining after termination. The unearned portion of the payment received for the naming rights of \$0 at June 30, 2012 and \$1,501,250 at June 30, 2011 is reported with deferred revenue.

II. B. 2. INTERGOVERNMENTAL PAYABLE - ARBITRAGE COMPLIANCE

Proceeds from tax-exempt bonds issued after September 1, 1986, are subject to the 1986 Tax Reform Act. The Department invests, records, and reports these proceeds in the manner set forth by the U.S. Treasury and Internal Revenue Service to maintain the tax-exempt status of the bonds. The arbitrage filing requirements for the bond issue is 60 days from July 1, 2010 if a liability exists. At June 30, 2012 and 2011 there was no contingent rebatable arbitrage liability that needed to be recorded.

II. B. 3. COMPENSATED ABSENCES

Compensated absences balances changed from 2011 to 2012 by accruals of \$555,554 and usages of \$488,638 compared to changes in accruals of \$472,605 and usages of \$466,386 from 2010 to 2011.

II. B. 4. REVENUE BONDS

Parking Revenue Bonds

The Authority issued bonds for financing the construction of parking facilities and for refinancing outstanding bond issues. The bonds are collateralized principally by the net revenues of certain parking facilities owned or operated by the Authority and revenues pledged by Oklahoma City Water Utilities Trust (OCWUT) under an Agreement of Support (Agreement).

Concurrent with the issuance of bonds, the Authority and the OCWUT, formerly known as the Oklahoma City Municipal Improvement Authority (OCMIA), entered into an Agreement. The Agreement provides for financial support of the Department's parking system from the monthly net revenues of the water and wastewater systems of the City. OCWUT is required to replenish the Authority's bond reserve account if the balance in such account remains below the minimum required amount for a period of eleven months. OCWUT is further required to maintain or revise its schedule of rates and charges for services at or to a level sufficient to provide adequate net revenues to ensure that such support is available.

A similar agreement was entered into with OCWUT when the Series 2003 revenue bonds and 2006 refunding bonds were issued.

On November 12, 2003, the Authority issued \$26,715,000 in parking system revenue bonds (Series 2003) with an average interest rate (coupon) of 4.6%. Total proceeds of \$26,865,418 included a premium of \$150,418. Underwriting and other issuance costs totaled \$437,185. The proceeds of the bonds were used to (1) provide funds to finance the design and construction of the City Center (formerly Galleria) Parking Garage Expansion Project which is owned and operated by the Authority, (2) provide funds to reimburse the Authority for monies previously expended to finance the Project, (3) fund the Series 2003 Bond Reserve Fund, and (4) pay the issuance costs of the 2003 Bonds.

The Series 2003 Revenue Bonds mature on July 1, 2006 through 2028. Interest payments are payable on January 1 and July 1 beginning July 1, 2004. The Series 2003 Bonds with stated maturities on and after July 1, 2014, are subject to early redemption on July 1, 2013, in whole or in part at the option of the Authority at par value plus accrued interest to date of redemption. Series 2003 Bonds were fully defeased in October 2009.

On August 18, 2005, the Authority sold Revenue Refunding Bonds, Series 2006 for \$24,835,000 of forward delivery refunding bonds with an average interest rate (coupon) of 5.1%. Total proceeds included a premium of \$1,727,204. Underwriting fees, insurance premiums, and other issuance costs were \$384,301. The bonds were delivered on April 5, 2006 to refund the Parking System Revenue and Refunding Bonds, Series 1996 with an average interest rate of 5.3%. Net proceeds of \$27,401,722 and \$1,495,412 excess bond reserve funds were used to purchase U.S. government securities deposited in an irrevocable trust with an escrow agent. Remaining proceeds of \$271,643 were deposited in a construction fund. Total remaining debt service on the refunded bonds was paid on July 3, 2006, from the irrevocable trust. The Authority refunded the 1996 bonds with this forward transaction to capture benefits from recent declines in interest rates. The Authority realized approximate economic gain of \$1,300,000 and debt service cash flow benefit between the new and old bonds of \$3,900,000.

Revenue Bonds Outstanding

	Amount	Interest	Issue	Principal	<u>2012</u>	<u>2011</u>
<u>Authority Parking System Revenue Bonds</u>	<u>Issued</u>	<u>Rate %</u>	<u>Date</u>	<u>Maturity Date</u>	<u>Principal Balance</u>	<u>Principal Balance</u>
Series 2006	\$24,835,000	5.00-5.25	4/5/2006	7/1/2016	\$ -	\$10,775,000

Bond Defeasance

Current Year Defeasance

On January 11, 2012, the Broadway Kerr Parking Garage was sold to Sandridge Realty, L.L.C. for a total of \$8,677,334 net of closing costs and rental income adjustments. A total of \$12,111,260 was placed into a special escrow account, thereby defeasing the remaining Series 2006 Bonds outstanding balance of \$9,060,000. The \$12,111,260 consisted of proceeds from the sale of the garage of \$8,677,334, along with excess bond fund reserves and all accumulated reserves in the debt service accounts of \$3,433,926. The proceeds from the sale and accumulated bond fund reserves will be used to retire \$9,144,150 of bond principal and interest payments.

In addition, \$58,250 of the net proceeds were used to pay fees and costs relating to the bond defeasance. Excess proceeds of \$2,908,860 will be returned to the Authority after the last payment for the Series 2006 bonds are fully paid on July 1, 2012.

Loss on Defeasance of Revenue Bonds

Cost to defease bonds	(\$9,144,150)
Bonds payable at par value as of defeasement date	9,060,000
Unamortized amount of debt issue costs, bond premiums and deferred refunding costs	65,652
Bond interest payable as of defeasement date	84,150
Legal and professional fees	<u>(58,250)</u>
	<u>\$7,402</u>
Receivable from Escrow Agent	<u>\$2,908,860</u>

Outstanding Defeased Bonds

	Original Amount Defeased	Outstanding Balance	
		<u>2012</u>	<u>2011</u>
Authority Parking System Revenue Bonds, Series 2003	\$23,635,000	\$21,955,000	\$22,810,000
Authority Parking System Revenue Refunding Bonds, Series 2006	15,955,000	13,575,000	4,915,000

Bond Coverage

	<u>2011</u>
Gross revenue, including non-operating investment income	\$6,155,070
Direct operating expenses, excluding depreciation, and transfers to Parking Enterprise Fund	<u>3,195,081</u>
Net revenue available for debt service	<u>\$2,959,989</u>
Principal amounts	\$1,635,000
Interest amounts	<u>593,025</u>
Total debt service requirements	<u>\$2,228,025</u>
Revenue bond coverage	<u>1.33</u>

The bond indentures require the payment of principal and interest before any other expenditures may be made. In addition, depreciation and amortization expenses are excluded from the direct operating expenses as they do not affect funds available for debt service. The revenue bonds are secured principally by net revenues of certain parking facilities owned or operated by the Authority and from amounts that could be received, if needed, from the OCWUT under the Agreement. No consideration of OCWUT revenues has been included in the above calculation. The required revenue bond coverage is 1.0.

II. B. 5. SEGMENT INFORMATION AND PLEDGED REVENUES

The Authority issued revenue bonds to support its parking garages. The financial statements report revenue-supported debt. The Authority recognized \$5,847,988 and \$5,738,440 in parking revenues in 2012 and 2011, respectively.

II. B. 6. CHANGES IN LONG-TERM LIABILITIES

	2012					
	Balance			Balance	Due	Due
	July 1, <u>2011</u>	<u>Issued</u>	<u>Retired</u>	June 30, <u>2012</u>	Within <u>One Year</u>	After <u>One Year</u>
<u>PAYABLE TO OCWUT</u>						
Parking	\$1,212,500	\$ -	\$121,250	\$1,091,250	\$121,250	\$970,000
<u>COMPENSATED ABSENCES</u>						
Transportation	767,599	520,371	456,824	831,146	263,167	567,979
Parking	70,098	35,183	31,814	73,467	24,070	49,397
<u>REVENUE BONDS</u>						
Parking	10,775,000	-	10,775,000	-	-	-
<u>NET OPEB OBLIGATION</u>						
Transportation	412,526	211,776	118,123	506,179	-	506,179
Parking	<u>56,000</u>	<u>28,148</u>	<u>18,909</u>	<u>65,239</u>	<u>-</u>	<u>65,239</u>
Total Department	<u>\$13,293,723</u>	<u>\$795,478</u>	<u>\$11,521,920</u>	<u>\$2,567,281</u>	<u>\$408,487</u>	<u>\$2,158,794</u>
	2011					
	Balance			Balance	Due	Due
	July 1, <u>2010</u>	<u>Issued</u>	<u>Retired</u>	June 30, <u>2011</u>	Within <u>One Year</u>	After <u>One Year</u>
<u>PAYABLE TO OCWUT</u>						
Parking	\$1,333,750	\$ -	\$121,250	\$1,212,500	\$121,250	\$1,091,250
<u>COMPENSATED ABSENCES</u>						
Transportation	764,146	438,524	435,071	767,599	248,211	519,388
Parking	67,332	34,081	31,315	70,098	25,707	44,391
<u>REVENUE BONDS</u>						
Parking	12,410,000	-	1,635,000	10,775,000	1,715,000	9,060,000
<u>NET OPEB OBLIGATION</u>						
Transportation	295,058	233,922	116,454	412,526	-	412,526
Parking	<u>41,332</u>	<u>33,279</u>	<u>18,611</u>	<u>56,000</u>	<u>-</u>	<u>56,000</u>
Total Department	<u>\$14,911,618</u>	<u>\$739,806</u>	<u>\$2,357,701</u>	<u>\$13,293,723</u>	<u>\$2,110,168</u>	<u>\$11,183,555</u>

II. C. INTERFUND BALANCES

Payable/Due Within the Department

	2012					
	Authority			Enterprise		Total
	Transportation	River Cruises	Parking	Transportation	Parking	
RECEIVABLE/ DUE FROM						
Authority Transportation Fund	\$ -	\$64,800	\$ -	\$620,151	\$ -	\$684,951
Authority River Cruises Fund	-	-	-	65,989	-	65,989
Authority Parking Fund	<u>18,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,230</u>	<u>142,819</u>
	<u>\$18,589</u>	<u>\$64,800</u>	<u>\$-</u>	<u>\$686,140</u>	<u>\$124,230</u>	<u>\$893,759</u>
PAYABLE/DUE TO						
Authority Transportation Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority River Cruises Fund	-	-	-	-	-	-
Authority Parking Fund	-	-	-	-	-	-
Enterprise Fund	<u>750,997</u>	<u>-</u>	<u>142,762</u>	<u>-</u>	<u>-</u>	<u>893,759</u>
	<u>\$750,997</u>	<u>\$-</u>	<u>\$142,762</u>	<u>\$-</u>	<u>\$-</u>	<u>\$893,759</u>

	2011 (Restated)					
	Authority			Enterprise		Total
	Transportation	River Cruises	Parking	Transportation	Parking	
RECEIVABLE/ DUE FROM						
Authority Transportation Fund	\$ -	\$ -	\$ -	\$100,000	\$ -	\$100,000
Authority Parking Fund	<u>16,382</u>	<u>-</u>	<u>-</u>	<u>520,078</u>	<u>67,986</u>	<u>604,446</u>
	<u>\$16,382</u>	<u>\$-</u>	<u>\$-</u>	<u>\$620,078</u>	<u>\$67,986</u>	<u>\$704,446</u>
PAYABLE/DUE TO						
Authority Transportation Fund	\$ -	\$ -	\$16,382	\$ -	\$ -	\$16,382
Transportation City						
Enterprise Fund	<u>620,078</u>	<u>-</u>	<u>67,986</u>	<u>-</u>	<u>-</u>	<u>688,064</u>
	<u>\$620,078</u>	<u>\$-</u>	<u>\$84,368</u>	<u>\$-</u>	<u>\$-</u>	<u>\$704,446</u>

Payable/Due Within the City

	2012					
	Authority			Enterprise		
	Transportation	River Cruises	Parking	Transportation	Parking	Total
RECEIVABLE/ DUE FROM						
City General Fund	<u>\$855,349</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$855,349</u>
PAYABLE/DUE TO						
City General Fund	\$ -	\$ -	\$14,519	\$1,329	\$ -	\$15,848
City Print Shop Fund	1,689	-	1	-	7	1,697
City Fleet Services Fund	2,658	-	-	-	511	3,169
OCPPA General Purpose Fund	-	-	5,037	-	-	5,037
OCWUT	<u>-</u>	<u>-</u>	<u>121,250</u>	<u>-</u>	<u>-</u>	<u>121,250</u>
	<u>\$4,347</u>	<u>\$-</u>	<u>\$140,807</u>	<u>\$1,329</u>	<u>\$518</u>	<u>\$147,001</u>
ADVANCE FROM						
OCWUT	<u>\$-</u>	<u>\$-</u>	<u>\$970,000</u>	<u>\$-</u>	<u>\$-</u>	<u>\$970,000</u>

	2011					
	Authority			Enterprise		
	Transportation	River Cruises	Parking	Transportation	Parking	Total
RECEIVABLE/ DUE FROM						
City General Fund	<u>\$2,900</u>	<u>\$53</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$2,953</u>
PAYABLE/DUE TO						
City General Fund	\$13,288	\$ -	\$11,274	\$25,864	\$3,844	\$54,270
City Print Shop Fund	1,600	427	16	-	27	2,070
City Fleet Services Fund	3	53	503	-	166	725
OCPPA General Purpose Fund	575	-	1,713	-	-	2,288
OCWUT	<u>2,932</u>	<u>-</u>	<u>121,250</u>	<u>-</u>	<u>-</u>	<u>124,182</u>
	<u>\$18,398</u>	<u>\$480</u>	<u>\$134,756</u>	<u>\$25,864</u>	<u>\$4,037</u>	<u>\$183,535</u>
ADVANCE FROM						
OCWUT	<u>\$-</u>	<u>\$-</u>	<u>\$1,091,250</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,091,250</u>

Advance From OCWUT

On June 29, 1988, OCWUT loaned the Authority \$2,425,000 (including issuance costs) pursuant to the Agreement. In early fiscal year 2002, OCWUT and the Authority negotiated a repayment agreement. This agreement requires the Authority to repay the loan, without interest, over a period of 20 years beginning in fiscal year 2002. Debt service requirements are \$121,250 annually, which is the current portion of the advance due. The non-current amount payable to OCWUT at June 30, 2012 and 2011 was \$970,000 and \$1,091,250 respectively.

III. NET ASSETS

Prior Period Adjustment

The financial statements for 2011 have been restated for the effect of a prior period adjustment which resulted in a change of net assets and beginning net assets as of July 1, 2010 for the Transportation and Parking Authority and Enterprise Funds of \$475,077 and \$92,026, respectively. The Enterprise Funds pay for operation costs related to the Authority. The Authority reimburses the Enterprise Funds for those costs. These reimbursements have previously been recorded as payments to/from the Authority; however, these should be recorded as payable/receivables. The effect of the prior period adjustment increased previously reported unrestricted net assets at June 30, 2011 by \$520,078 and \$67,976 for the Transportation and Parking Authority and Enterprise funds, respectively. The effect of the prior period adjustment did not change the total previously reported 2011 changes in net assets and had no impact on the Department-wide financial statements.

	<u>Transportation</u>		<u>Parking</u>		<u>Total</u>
	<u>Authority</u>	<u>Enterprise</u>	<u>Authority</u>	<u>Enterprise</u>	
Beginning net assets					
Payable/due from (to)					
within the Department	<u>(\$475,077)</u>	<u>\$475,077</u>	<u>(\$92,026)</u>	<u>\$92,026</u>	<u>\$ -</u>
Changes in net assets					
Payments/transfers					
within the Department	<u>\$45,001</u>	<u>(\$45,001)</u>	<u>\$24,040</u>	<u>(\$24,040)</u>	<u>\$ -</u>

Invested in Capital Assets, Net of Related Debt

	<u>2012</u>	<u>2011</u>
Capital assets, net	\$38,699,422	\$41,069,696
Retainages and capital related accounts payable	(682,486)	(472,825)
Bonds payable, net	-	(10,922,688)
Bond accounts funded with bond proceeds	-	2,531,400
Bond issuance costs paid with bond proceeds	-	<u>384,301</u>
	<u>\$38,016,936</u>	<u>\$32,589,884</u>

Restricted for Debt Service

	<u>2012</u>	<u>2011</u>
Bond principal and interest accounts	\$ -	\$1,991,075
Bond reserve	-	2,533,119
Bond reserve funded with bond proceeds	-	(2,531,400)
Interest receivable on bond investments	-	37
Current bond interest payable	-	<u>(276,075)</u>
	<u>\$ -</u>	<u>\$1,716,756</u>

Unrestricted

	<u>2012</u>	<u>2011</u>
Unrestricted	<u>\$17,540,503</u>	<u>\$11,708,458</u>

IV. A. LEASE REVENUES

The Parking Division of the Authority leases retail space in certain parking garages to various establishments. Most of these leases are of a short term nature, and several are for one year with up to three one year renewal options. At June 30, 2012, 29,409 square feet of garage retail space was leased and approximately 5,000 square feet of unimproved space was available to lease. In addition, the Transportation Division of the Authority leases out 7,000 square feet of office space. These leases are non-cancelable operating leases.

Minimum Rentals on Non-Cancelable Leases

2013	\$147,766
2014	102,967
2015	76,478
2016	66,627
2017	<u>4,700</u>
	<u>\$398,538</u>
Rental income	<u>\$294,183</u>

IV. B. INTERFUND PAYMENTS/TRANSFERS

Payments/Transfers Within the Department

		2012					
		Authority			Enterprise		
		Transportation	River Cruises	Parking	Transportation	Parking	Total
TO							
<u>AUTHORITY</u>							
Transportation	\$ -	\$ -	\$18,589	\$ -	\$ -	\$18,589	
River Cruises	176,216	-	-	-	-	176,216	
<u>ENTERPRISE</u>							
Transportation	3,610,754	78,438	-	-	-	3,689,192	
Parking	-	-	<u>350,231</u>	-	-	<u>350,231</u>	
	<u>\$3,786,970</u>	<u>\$78,438</u>	<u>\$368,820</u>	<u>\$-</u>	<u>\$-</u>	<u>\$4,234,228</u>	
		2011 (Restated)					
		Authority			Enterprise		
		Transportation	River Cruises	Parking	Transportation	Parking	Total
TO							
<u>AUTHORITY</u>							
Transportation	\$ -	\$ -	\$20,910	\$ -	\$ -	\$20,910	
River Cruises	58,917	-	-	-	-	58,917	
Parking	-	-	-	-	24,040	24,040	
<u>ENTERPRISE</u>							
Transportation	3,556,089	76,192	-	-	-	3,632,281	
Parking	-	-	<u>405,221</u>	-	-	<u>405,221</u>	
	<u>\$3,615,006</u>	<u>\$76,192</u>	<u>\$426,131</u>	<u>\$-</u>	<u>\$24,040</u>	<u>\$4,141,369</u>	

Payments/Transfers Within the City

	2012					
	<u>Authority</u>			<u>Enterprise</u>		
	<u>Transportation</u>	<u>River Cruises</u>	<u>Parking</u>	<u>Transportation</u>	<u>Parking</u>	<u>Total</u>
FROM						
City General Fund	\$11,491,369	\$670,000	\$ -	\$ -	\$241,338	\$12,402,707
City MAPS3						
Sales Tax Fund	22,486	-	-	-	-	22,486
Sales Tax Fund Improvement Fund	14,024	-	-	-	-	14,024
OCRRA (1)	-	50,000	-	-	-	50,000
	<u>\$11,527,879</u>	<u>\$720,000</u>	<u>\$-</u>	<u>\$-</u>	<u>\$241,338</u>	<u>\$12,489,217</u>
	2011					
	<u>Authority</u>			<u>Enterprise</u>		
	<u>Transportation</u>	<u>River Cruises</u>	<u>Parking</u>	<u>Transportation</u>	<u>Parking</u>	<u>Total</u>
FROM						
City General Fund	\$8,900,612	\$700,000	\$ -	\$ -	\$196,878	\$9,797,490
City Capital						
Improvement Fund	310,904	-	-	-	-	310,904
City Stormwater						
Drainage Fund	-	5,539	-	-	-	5,539
	<u>\$9,211,516</u>	<u>\$705,539</u>	<u>\$-</u>	<u>\$-</u>	<u>\$196,878</u>	<u>\$10,113,933</u>

(1) OCRRA paid \$50,000 in 2012 for its share of marketing costs relating to promoting the river cruises.

Dependency on the City

During fiscal year 2012 and 2011 revenues from the Authority Transportation and River Cruises Funds were not sufficient to meet operating expenses. As a result, the Authority received funding from the City General Fund to subsidize operations of \$12,161,369 and \$9,600,612 for June 30, 2012 and 2011, respectively.

Administrative Chargebacks

City employees external to the Department perform some administrative functions which are reimbursed through administrative chargebacks recorded with operating expenses of the Authority and Enterprise Funds. In fiscal year 2012 and 2011 the Authority Funds paid \$2,201,965 and \$1,603,733 and the Enterprise Funds paid \$5,767 and \$462,955, respectively, for these services. The Authority reimbursed the Enterprise Funds for its share of the costs through payments within the Department.

OPEB Subsidy

For the 2012 and 2011 fiscal years, the City General Fund contributed \$106,779 and \$109,474 to the Oklahoma City Post-Employment Benefit Trust (OCPEBT) on behalf of the Department which will be used to pre-fund medical benefits to be provided in future fiscal years.

IV. C. SPECIAL ITEM

A special item has been reported in 2012 related to the sales of parking garage and resulting defeasance of bonds.

Gain on Sale of Parking Garage

Bond reserves	(\$3,433,926)
Receivable from escrow agent	2,908,860
Bonds payable at par value at defeasement date	9,060,000
Bond interest payable at defeasement date	84,150
Unamortized amount of debt issue costs, bond premiums and deferred refunding costs	65,652
Net book value of Broadway Kerr Parking Garage	(1,304,263)
Net revenues and expenses refunded to the Authority due to the sale of garage	<u>(7,235)</u>
	<u>\$7,373,238</u>

Loss on Defeasance of Revenue Bonds

\$7,402

V. DEFINED BENEFIT PENSION PLANS

Employees of the Department participate in one of two single-employer, public employee retirement systems.

V. A. OKLAHOMA CITY EMPLOYEE RETIREMENT SYSTEM (OCERS)

V. A. 1. PLAN DESCRIPTION

The OCERS is the administrator of a single employer defined benefit local government retirement plan for the City of Oklahoma City. Plan amendments and benefit provisions are established and amended by City Council action. Unless otherwise indicated, the information in this note is provided as of the latest actuarial valuation, December 31, 2011. Actuarial valuations are performed annually.

Funding Policies, Contribution Methods and Benefit Provisions

Year established and governing authority	1958; City Council Ordinance
Determination of contribution requirements	Actuarially determined
Contribution Rates:	
Employer	8.56% of covered payroll
Plan members	6.0% of covered payroll
Funding of administrative costs	Investment earnings
Period required to vest	5 years
Cost of living benefit increases	Cost of living adjustments are compounded annually; increases must be approved by the OCERS Board
Eligibility for distribution	30 years credited service regardless of age, or age 60 with 10 years (Pre 3/67 hires), or 25 years of credited service regardless of age, or age 65 with 5 years (Post 3/67 hires), or age 55 with 5 years on a reduced basis, or 5 years service, with benefits to begin at age 65 (60 with 10 years if Pre 3/67 hire)

Funding Policy

Contribution requirements are actuarially determined and established by City Council ordinance. Beginning June 11, 2012, the employer contribution rate changed from 6.77% of covered payroll to 8.56% of covered payroll. The employee contributes 6.0% of covered payroll. Administrative costs are funded with investment earnings.

Benefit Provisions

The OCERS was established by City Council Ordinance in 1958 to hold funds in trust to provide pension, disability, and survivor benefits to its members.

Benefit provisions include both duty and non-duty disability retirement and death benefits. Average Final Compensation (AFC) determines the retirement benefit and is calculated as the highest 36 months of earned employee compensation (excluding compensation for unused vacation and sick leave and amounts elected to be deferred under Section 125 of the Internal Revenue Code) during the last 60 months of service. Generally, the normal retirement benefit is 2% of AFC for each full year of service, plus 1/12 of 2% for each whole month of a partial year of service to a maximum of 100% of AFC. There are modifications to the normal retirement benefit for early and deferred retirement, duty and non-duty disability, and death benefits.

Cost of Living Adjustments

Retirement pension may be adjusted annually for changes in the Consumer Price Index. The maximum adjustment is 4% compounded annually.

Membership

	<u>2012</u>	<u>2011</u>
Active employees - nonvested	737	692
Active employees - vested	1,661	1,612
Retirees and beneficiaries currently receiving benefits	1,299	1,283
Terminated plan members entitled to but not yet receiving benefits	75	81
	<u>3,772</u>	<u>3,668</u>

Annual Required Contributions - Actuarial Assumptions

Valuation date	12/31/11
Actuarial cost method	Individual entry age
Amortization method	Level percentage of payroll
Amortization period	30 years, closed
Actuarial asset valuation method	4-year smoothed market
Actuarial Assumptions	
Investment rate of return	8%
Cost of living benefit increases (maximum)	4%
Inflation	4.5%
Projected salary increases	4.5% to 8.3%
Mortality table	1994 group annuity table set forward 1 year for women and 3 years for men

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

For the actuarial valuation dated December 31, 2010, the amortization period changed from 26 years, closed to 25 years, closed.

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

V. A. 2. ANNUAL PENSION COST, TREND INFORMATION, AND RESERVES

Annual Pension Cost and Trend Information

<u>Fiscal</u> <u>Year</u>	Annual Pension <u>Cost</u>	Percentage <u>Contributed</u>	Net Pension <u>Obligation (NPO)</u>
2012	\$9,614,625	100%	\$ -
2011	7,132,772	100	-
2010	5,585,595	100	-

Reserves

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

V. A. 3. FUNDING STATUS AND FUNDING PROGRESS

Actuarial value of plan assets (AVA)	\$514,499,000
Actuarial accrued liability (AAL)	593,922,000
Unfunded actuarial accrued liability (UAAL)	79,423,000
Funded ratio (AVA/AAL)	87%
Covered payroll (active Plan members)	109,293,000
UAAL as a percentage of covered payroll	73%

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

**V. B. CENTRAL OKLAHOMA TRANSPORTATION AND PARKING AUTHORITY EMPLOYEE
RETIREMENT TRUST (COTPA RETIREMENT)**

V. B. 1. PLAN DESCRIPTION

COTPA Retirement provides retirement benefits for all Authority employees, primarily bus drivers and related operations employees. Unless otherwise indicated, COTPA Retirement information in this note is provided as of the latest actuarial valuation, July 1, 2012.

Actuarial valuations are performed annually.

Funding Policies, Contribution Methods and Benefit Provisions

Year established and governing authority	1970; Authority Board Resolution
Determination of contribution requirements	Contracted pursuant to union negotiations
Employer	\$55.04 per week
Plan members	\$44.13 per week
Funding of administrative costs	Investment earnings
Period required to vest	10 years
Cost of living increases	Increases must be approved by the COTPA Board
Eligibility for distribution	Increases must be approved by the Authority Board

Funding Policy

Contribution requirements are negotiated and established pursuant to union contract. The employer contributes \$55.04 per week and the employee contributes \$44.13 per week of covered payroll. Administrative costs are funded with investment earnings.

Benefit Provisions

Employees of the Authority are required to participate in the Plan after completion of six months of employment. The Authority employees who retire at or after the age of 65 with 10 years of credited service or upon 25 years of full time employment are entitled to receive monthly pension benefits equal to the sum of \$54.00 per month for each year of service from their date of hire, plus variable cost of living increases based on their date of retirement. An early retirement option with reduced benefits is available at age 62 with 10 years of credited service.

Membership

	<u>2012</u>	<u>2011</u>
Non-vested active members	97	102
Fully-vested active members	60	63
Retirees and beneficiaries currently receiving benefits	50	48
Terminated plan members entitled to but not yet receiving benefits	4	4
	<u>211</u>	<u>217</u>

Annual Required Contributions - Actuarial Assumptions

Valuation date	7/1/12
Actuarial cost method	Individual entry age normal
Amortization method	Level dollar
Amortization period	30 years, open
Actuarial asset valuation method	5-year smoothed market
Actuarial Assumptions	
Investment rate of return	7%
Inflation	2.5%
Mortality table	1983 group annuity mortality tables, scale 355 withdrawal rates

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

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

V. B. 2. ANNUAL PENSION COST, NET PENSION OBLIGATION, TREND INFORMATION, AND RESERVES

Annual Pension Cost and Net Pension Obligation

	<u>2012</u>	<u>2011</u>
Annual required contribution	\$380,320	\$413,569
Interest on net pension obligation	(18,042)	(14,459)
Adjustment to annual required contribution	<u>19,412</u>	<u>13,791</u>
Annual pension cost	381,690	412,901
Contributions made	<u>(498,883)</u>	<u>(465,859)</u>
Increase (decrease) in net pension obligation	(117,193)	(52,958)
Net pension obligation (asset), beginning of year	<u>(257,750)</u>	<u>(204,792)</u>
Net pension obligation (asset), end of year	<u>(\$374,943)</u>	<u>(\$257,750)</u>

Trend Information

Fiscal Year	Annual Pension Cost	Employer Contributions	Percentage of Annual Pension Cost Contributed	Net Pension Obligation (Asset)
2012	\$381,690	\$498,883	131%	(\$374,943)
2011	412,901	465,859	113	(257,750)
2010	419,997	471,252	112	(204,792)

Reserves

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

V. B. 3. FUNDING STATUS AND FUNDING PROGRESS

Actuarial Value of Plan Assets (AVA)	\$8,506,737
Actuarial Accrued Liability (AAL)	12,366,913
Unfunded Actuarial Accrued Liability (UAAL)	3,860,176
Funded Ratio (AVA/AAL)	69%
Covered Payroll (Active Plan Members)	6,930,000
UAAL as a Percentage of Covered Payroll	56%

The required supplementary information schedules of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. A copy of the actuarial report referred to in this note may be obtained from Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102. COTPA Retirement does not present a stand-alone report.

VI. DEFINED CONTRIBUTION PENSION PLANS

City Defined Contribution Plans

The City participates in two defined contribution plans administered by the International City Manager's Association Retirement Corporation (ICMA Retirement). Plan provisions and contribution requirements are established or amended by City Council resolution. The plans are money purchase plans qualified under section 401 of the Internal Revenue Code.

Participants of the first plan are comprised of eligible employees hired before September 1, 2001. The City and participants are required to contribute 8.35% and 6.0% of annual covered payroll, respectively. Participants of the first plan vest at service inception and are entitled to 100% of vested contributions.

Participants of the second plan are comprised of eligible employees hired after September 1, 2001. The City and participants are required to contribute 7.0% and 6.0% of annual covered payroll, respectively. Participants of the second plan vest after 5 years of service.

The two plans include 102 and 109 participants for 2012 and 2011, respectively, comprised of City Council appointees and management personnel.

Authority Defined Contribution Plan

The Authority participates in a defined contribution plan established July 1, 2001 for eligible administrative employees (not represented by a union). Plan provisions and contribution requirements are established or amended by Authority resolution. It is in addition to COTPA Retirement and provides that the employee may voluntarily contribute to the ICMA plan and the Authority will match employee contributions up to \$1,000 annually. The ICMA plan includes 34 participants at June 30, 2012 and 30 participants at June 30, 2011. For fiscal year 2012 and 2011 actual contributions by plan participants were \$36,532 and \$29,916, respectively. The Authority contributed \$15,569 and \$14,319 for June 30, 2012 and 2011, respectively.

VII. OPEB

VII. A. CITY OPEB

VII. A. 1. PLAN DESCRIPTION

The City provides post-employment healthcare benefits for retired employees and their dependents through the City of Oklahoma City Post-retirement Medical Plan (the Plan), a single-employer defined benefit healthcare plan administered by the OCPEBT. The benefits, coverage levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The Plan issues a separate report that can be obtained from Human Resources at 420 W. Main, Suite 110, Oklahoma City, OK 73102.

Funding Policies, Contribution Methods and Benefit Provisions

Year established and governing authority	2008; City Council Ordinance
Determination of contribution requirements	City Policy
Contribution rates:	
Employer	64% of premium
Plan members	36% of premium
Funding of administrative costs	Investment earnings
Period required to vest	5 years
Eligibility for distribution	General employees are eligible for membership in the Plan if they retire from the City on or after age 55 with 5 years of service or at any age with 25 years of service. Police officers are eligible for benefits under the Plan if they retire from the City with 20 years of service. Firefighters retiring before January 1, 2003 are eligible for membership. Participation may only be elected at the time of retirement.

Funding Policy

Contribution requirements are actuarially determined and established by City Council ordinance. Beginning January 1, 2012, the employer contribution rate changed from 66% of premium to 64% of premium. The employee contributes the balance of the premium. Administrative costs are funded with investment earnings.

Benefit Provisions

The City provides post-retirement healthcare benefits to its retirees. The Plan covers all current retirees who elected post-retirement medical coverage and future retired general employees.

The City provides medical benefits either through a fully insured health plan or through a self-insured Group Indemnity Plan. Benefits include general inpatient and outpatient medical services and prescription drug coverage. General employees are eligible for membership in the Plan if they retire from the City on or after age 55 with 5 years of service or at any age with 25 years of service. Coverage for dependents can continue upon the death of the retiree. Spouses of employees who die in active service while eligible for benefits can receive coverage.

Membership

	<u>2012</u>	<u>2011</u>
Active members	3,291	3,182
Retirees and beneficiaries currently receiving benefits	<u>2,162</u>	<u>2,183</u>
	<u>5,453</u>	<u>5,365</u>

Annual Required Contributions - Actuarial Assumptions

Valuation date	7/1/11
Actuarial cost method	Projected unit credit with linear proration to decrement
Amortization method	Level percentage of payroll
Amortization period	30 years, open
Actuarial asset valuation method	4-year smoothed market
 Actuarial Assumptions	
Investment rate of return	4.91%
Blended discount rate method	The discount rate is based on the expected long-term return on the investments that are used to finance the benefit programs
Inflation	3%
Projected salary increases	3%
Health care trend rate	4.5% (5.0% for Medicare age)
Mortality table	RP 2000 combined mortality table projected to 2010 using scale AA

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

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

VII. A. 2. ANNUAL OPEB COSTS, NET OPEB OBLIGATION, TREND INFORMATION, AND RESERVES

Annual OPEB Costs and Net OPEB Obligation

	2012		2011	
	Enterprise		Enterprise	
	Funds	Total	Funds	Total
Annual required contribution	\$167,443	\$36,181,832	\$196,627	\$39,559,528
Interest on net OPEB obligation	17,598	3,802,518	12,959	2,769,469
Adjustment to annual				
Required contribution	<u>(16,154)</u>	<u>(3,490,699)</u>	<u>(11,896)</u>	<u>(2,542,363)</u>
Annual OPEB cost	168,887	36,493,651	197,690	39,786,634
Contributions made	<u>(106,779)</u>	<u>(20,064,984)</u>	<u>(109,474)</u>	<u>(18,746,938)</u>
Increase in net OPEB obligation	62,108	16,428,667	88,216	21,039,696
Net OPEB obligation,				
beginning of year	<u>331,724</u>	<u>77,444,366</u>	<u>243,508</u>	<u>56,404,670</u>
end of year	<u>\$393,832</u>	<u>\$93,873,033</u>	<u>\$331,724</u>	<u>\$77,444,366</u>

Trend Information

Fiscal year 2008 was the first year for which the City had an actuarial valuation performed to determine the projected liabilities of the plan as of that date as well as the employer's annual required contribution (ARC).

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$36,493,651	\$20,064,984	55.0%	\$93,873,033
2011	39,786,634	18,746,938	47.1	77,444,366
2010	35,775,474	19,424,748	54.3	56,404,670

Reserves

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

VII. A. 3. FUNDED STATUS AND FUNDING PROGRESS

Actuarial Value of Plan Assets (AVA)	\$15,017,721
Actuarial Accrued Liability (AAL)	483,931,717
Unfunded Actuarial Accrued Liability (UAAL)	468,913,996
Funded Ratio (AVA/AAL)	3%
Covered Payroll (Active Plan Members)	180,551,843
UAAL as a Percentage of Covered Payroll	260%

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

VII. B. AUTHORITY OPEB

VII. B. 1. PLAN DESCRIPTION

The Authority provides post-employment healthcare benefits for retired employees and their dependents through the COTPA Post-retirement Medical Plan (the Plan), a single-employer defined benefit healthcare plan. The benefits, coverage levels, employee contributions and employer contributions are governed by the Authority and can be amended by the Authority through its personnel manual and union contracts.

Funding Policies, Contribution Methods and Benefit Provisions

Year established and governing authority	2009; Authority Board Resolution
Determination of contribution requirements	Authority Policy
Contribution rates:	
Employer	Subsidy based on years of service
Plan members	Remainder of unsubsidized premium costs
Funding of administrative costs	Investment earnings
Period required to vest	10 years
Eligibility for distribution	General employees are eligible for membership in the Plan if they retire from COTPA on or after age 62 with 10 years of service or at any age with 25 years of service.

Funding Policy

Contribution requirements are actuarially determined and established by the Authority Board. The employer contributes a subsidy based on years of service and the employee contributes the remainder of unsubsidized premium costs. Administrative costs are funded with investment earnings.

Benefit Provisions

The Authority provides post-retirement healthcare benefits to its retirees. The Plan covers all current retirees who elected post-retirement medical coverage and future retired general employees.

The Authority provides medical benefits through a fully insured health plan. Benefits include general inpatient and outpatient medical services and prescription drug coverage.

Membership

	<u>2012</u>	<u>2011</u>
Active members	174	165
Retirees and beneficiaries currently receiving benefits	13	9
	<u>187</u>	<u>174</u>

Annual Required Contributions - Actuarial Assumptions

Valuation date	7/1/11
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Amortization period	30 years, closed
Actuarial asset valuation method	N/A
Actuarial Assumptions	
Investment rate of return	4%
Inflation	2.5%
Projected salary increases	None
Health care trend rate	9%
Mortality table	1983 group annuity mortality table for males

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

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

VII. B. 2. ANNUAL OPEB COSTS, NET OPEB OBLIGATION, TREND INFORMATION AND RESERVES

Annual OPEB Costs and Net OPEB Obligation

	<u>2012</u>	<u>2011</u>
Annual required contribution	\$73,841	\$71,136
Interest on net OPEB obligation	5,472	3,715
Adjustment to annual required contribution	<u>(8,276)</u>	<u>(5,340)</u>
Annual OPEB cost	71,037	69,511
Contributions made	<u>(30,253)</u>	<u>(25,591)</u>
Increase in net OPEB obligation	40,784	43,920
Net OPEB obligation, beginning of year	<u>136,802</u>	<u>92,882</u>
Net OPEB obligation, end of year	<u>\$177,586</u>	<u>\$136,802</u>

Trend Information

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$71,037	\$30,253	42.6%	\$177,586
2011	69,511	25,591	36.8	136,802
2010	67,763	23,256	34.3	92,882

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for the Plan.

VII. B. 3. FUNDED STATUS AND FUNDING PROGRESS

Actuarial Value of Plan Assets (AVA)	\$ -
Actuarial Accrued Liability (AAL)	750,493
Unfunded Actuarial Accrued Liability (UAAL)	750,493
Funded Ratio (AVA/AAL)	0%
Covered Payroll (Active Plan Members)	7,659,048
UAAL as a Percentage of Covered Payroll	10%

The required supplementary information schedules of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. COTPA OPEB does not issue a stand-alone report.

VIII. COMMITMENTS

Contract Commitments

Parking Facilities

The Authority entered into a contract with Republic Parking Systems, Inc., to provide management of parking facilities through June 30, 2013, with options for two one-year extensions. The renewal options were exercised to extend the contract through June 30, 2015. The amount of the contract is \$48,000 annually plus operating expenses and management incentive fees not to exceed \$96,000 annually.

Oklahoma River Cruises

On July 10, 2009, the Board of the Authority, by mutual agreement with Hornblower Marine Service (HMS), exercised their right to terminate the contract with HMS that was approved by the Board on September 7, 2007. Also, on July 10, 2009, the Board approved a new contract with HMS, retroactive to January 1, 2009. The new contract more accurately addressed the needs of the Authority and the responsibilities of HMS. The new contract provides for three one-year renewal options. On November 5, 2010, the Board approved a one-year renewal of the contract to December 31, 2011. On October 14, 2011, the Board approved a one-year renewal of the contract to December 31, 2012. Under the contract, HMS will receive a \$15,000 per month management fee for the months of March through December plus reimbursement of operating costs not paid directly to suppliers by the Authority. HMS will not receive a management fee for the months of January and February, as the vessels are dry docked.

Construction Commitments

Construction projects are substantially funded with operating revenues, City subsidies, bond proceeds, and Federal grants.

	<u>2012</u>	<u>2011</u>
	Remaining Commitment	Remaining Commitment
Transportation	\$444,149	\$230,140
Parking	212,025	334,162
	<u>\$656,174</u>	<u>\$564,302</u>

IX. CONTINGENCIES

Federal Grants

In the normal course of operations, the Authority receives grant funds from various Federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Litigation

Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against the Authority. In the opinion of management and legal counsel, none of these matters will have a material adverse effect on the financial position or operations of the Department. The Authority is self-insured for property loss of buses. In the event of loss due to casualty or fire, the Authority is responsible for refunding the Federal government 83% of the net book value of certain buses.

X. TERMINATION BENEFITS

At June 30, 2012 and 2011, the Authority had 0 terminated employees participating in COBRA health and/or dental care in various options available from the Authority. COBRA participants pay 102% of the employee premium cost for continuing coverage. COBRA continuation coverage benefits are available for eligible employees for 18 months. Employees on military leave are eligible for 24 months. Dependents of employees who lose coverage due to a qualifying event are eligible for 36 months. Benefits provided are not material to the financial statements.

XI. SUBSEQUENT EVENTS

On July 13, 2012 the Authority approved a contract with The Architectural Partnership, P.C. for professional architectural and engineering services for a new multi-use parking garage. The Authority anticipates issuing new bonds to fund construction of the new parking garage located west of 105 North Hudson and east 100 North Walker Avenue.

On August 2, 2012 the Department sold real estate to OCWUT. The real estate, approximately 3000 square feet of office space located on the ground floor of 501 W. Sheridan, Oklahoma City, Oklahoma, was previously leased to OCWUT to provide utility billing and support services. The sale included cancelling the \$1,091,249 remaining outstanding debt associated with the Repayment Agreement dated June 28, 1988, and a single cash receipt of \$223,750.

Required Supplementary Information

**REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

I. SCHEDULE OF FUNDING PROGRESS

Oklahoma City Employee Retirement System Trust

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/11	\$514,499,000	\$593,922,000	\$79,423,000	87%	\$109,293,000	73%
12/31/10	524,731,000	566,834,000	42,103,000	93	102,915,000	41
12/31/09	529,137,000	556,427,000	27,290,000	95	110,408,000	25
12/31/08	528,664,000	519,234,000	(9,430,000)	102	105,566,000	(9)
12/31/07	529,876,000	488,827,000	(41,049,000)	108	99,574,000	(41)
12/31/06	476,913,000	457,547,000	(19,366,000)	104	95,504,000	(20)

COTPA Employee Retirement Trust

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/12	\$8,506,737	\$12,366,913	\$3,860,176	69%	\$6,930,000	56%
7/1/11	7,793,262	11,931,856	4,138,594	65	7,595,000	54
7/1/10	7,088,605	11,687,203	4,598,598	61	7,150,000	64
7/1/09	6,589,076	11,368,905	4,779,829	58	7,464,000	64
7/1/08	6,158,202	10,728,353	4,570,151	57	6,700,000	68
7/1/07	6,566,848	9,565,549	2,998,701	69	7,900,000	38

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS

Oklahoma City Employee Retirement System Trust

Fiscal Year	Annual Required Contribution (ARC)	Percentage Contributed
2012	\$9,614,625	100%
2011	7,132,772	100
2010	5,585,595	100
2009	5,464,178	100
2008	7,211,608	100
2007	8,479,329	100

COTPA Employee Retirement Trust

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2012	\$498,883	\$380,320	131%
2011	465,859	413,569	113
2010	471,252	419,181	112
2009	416,086	385,660	108
2008	327,363	240,883	136
2007	341,016	291,987	117

III. NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

See Note V. DEFINED BENEFIT PENSION PLANS for actuarial assumptions and other information used to determine the annual required contributions.

I. SCHEDULE OF FUNDING PROGRESS

City of Oklahoma City Post-Employment Benefits Trust

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets (a)</u>	Actuarial Liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded <u>Ratio (a/b)</u>	Covered <u>Payroll (c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
7/1/11	\$15,017,721	\$483,931,717	\$468,913,996	3%	\$180,551,843	260%
7/1/10	11,565,753	517,681,810	506,116,057	2	175,293,051	289
7/1/09	8,252,345	479,805,848	471,553,503	2	176,563,546	267

COTPA Other Post-employment Benefits

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets (a)</u>	Actuarial Liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded <u>Ratio (a/b)</u>	Covered <u>Payroll (c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
7/1/11	\$ -	\$750,493	\$750,493	0%	\$7,659,048	10%
7/1/10	-	629,842	629,842	0	7,464,369	8
7/1/09	-	629,842	629,842	0	7,464,369	8

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS

City of Oklahoma City Post-Employment Benefits Trust

<u>Fiscal Year</u>	Employer <u>Contributions</u>	Annual Required <u>Contribution (ARC)</u>	Percentage <u>Contributed</u>
2012	\$20,064,984	\$36,181,832	55%
2011	18,746,938	39,559,528	47
2010	19,424,748	35,614,202	55

COTPA Other Post-employment Benefits

<u>Fiscal Year</u>	Employer <u>Contributions</u>	Annual Required <u>Contribution (ARC)</u>	Percentage <u>Contributed</u>
2012	\$30,253	\$73,841	41%
2011	25,591	71,136	36
2010	23,256	68,563	34

III. NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

See Note VII. OPEB for actuarial assumptions and other information used to determine the annual required contributions.

Combining and Individual Fund Statements

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**SCHEDULES OF NET ASSETS
AUTHORITY FUNDS
June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2012			2011	
	Division			Total	Total
	Transportation	River Cruises	Parking	Authority	Authority
ASSETS					
CURRENT ASSETS					
Non-pooled cash-----	\$5,028,440	\$702,036	\$750,850	\$6,481,326	\$8,169,572
Investments-----	999,747	-	9,020,170	10,019,917	9,563,764
Accounts receivable, net-----	91,542	-	3,096,002	3,187,544	173,596
Interest receivable-----	-	-	76	76	37
Payable/due from (to) within the Department-----	(732,408)	64,800	(142,762)	(810,370)	(688,064)
Receivable from primary government-----	855,349	-	-	855,349	2,953
Intergovernmental receivables-----	1,650,966	-	-	1,650,966	759,256
Inventories-----	853,691	8,103	-	861,794	779,182
Prepays-----	6,676	-	-	6,676	-
Total current assets-----	8,754,003	774,939	12,724,336	22,253,278	18,760,296
NON-CURRENT ASSETS					
Investments-----	-	-	-	-	2,533,119
Deferred debt expense, net-----	-	-	-	-	67,615
Other-----	444,226	-	-	444,226	327,033
Capital assets:					
Land and construction in progress-----	4,053,888	-	3,455,192	7,509,080	6,384,721
Other capital assets, net of accumulated depreciation-----	16,635,268	4,621,110	9,917,606	31,173,984	34,662,420
Capital assets, net-----	20,689,156	4,621,110	13,372,798	38,683,064	41,047,141
Total non-current assets-----	21,133,382	4,621,110	13,372,798	39,127,290	43,974,908
Total assets-----	29,887,385	5,396,049	26,097,134	61,380,568	62,735,204
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable-----	1,229,154	73,040	793,171	2,095,365	1,757,317
Wages and benefits payable-----	473,956	-	-	473,956	417,564
Payable to primary government-----	4,347	-	140,807	145,154	153,634
Compensated absences-----	184,373	-	-	184,373	178,150
Notes, lease obligations, estimated claims payable-----	60,000	-	-	60,000	-
Deferred revenue-----	6,937	133,000	22,954	162,891	157,418
Bond interest payable-----	-	-	-	-	276,075
Bonds payable-----	-	-	-	-	1,715,000
Total current liabilities-----	1,958,767	206,040	956,932	3,121,739	4,655,158
NON-CURRENT LIABILITIES					
Compensated absences-----	334,912	-	-	334,912	283,513
Payable to primary government-----	-	-	970,000	970,000	1,091,250
Deferred revenue-----	-	1,235,250	-	1,235,250	1,368,250
Bonds payable:					
Bonds payable-----	-	-	-	-	9,060,000
Unamortized bond premium-----	-	-	-	-	303,888
Deferred amount on refunding-----	-	-	-	-	(156,200)
Bonds payable, net-----	-	-	-	-	9,207,688
Net other post-employment benefit obligation-----	177,586	-	-	177,586	136,802
Total non-current liabilities-----	512,498	1,235,250	970,000	2,717,748	12,087,503
Total liabilities-----	2,471,265	1,441,290	1,926,932	5,839,487	16,742,661
NET ASSETS					
Invested in capital assets, net of related debt-----	20,373,454	4,563,883	13,063,241	38,000,578	32,567,329
Restricted for: Debt service-----	-	-	-	-	1,716,756
Unrestricted-----	7,042,666	(609,124)	11,106,961	17,540,503	11,708,458
Total net assets-----	\$27,416,120	\$3,954,759	\$24,170,202	\$55,541,081	\$45,992,543

**SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
AUTHORITY FUNDS
For the Years Ended June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2012			2011	
	Division			Total	Total
	Transportation	River Cruises	Parking	Authority	Authority
<u>OPERATING REVENUES</u>					
<u>CHARGES FOR SERVICES</u>					
Transportation charges-----	\$2,729,519	\$ -	\$ -	\$2,729,519	\$2,587,996
River cruise charges-----	-	186,020	-	186,020	209,439
Parking-----	-	-	5,847,988	5,847,988	5,738,440
Other charges-----	264	-	-	264	-
Total charges for services-----	2,729,783	186,020	5,847,988	8,763,791	8,535,875
Lease and rental income-----	19,785	-	274,398	294,183	421,591
Other-----	187,884	51	4,986	192,921	208,414
Total operating revenues-----	2,937,452	186,071	6,127,372	9,250,895	9,165,880
<u>OPERATING EXPENSES</u>					
Personal services-----	11,873,363	-	-	11,873,363	11,330,882
Maintenance, operations, and contractual services-----	3,590,108	948,717	2,673,705	7,212,530	6,641,655
Materials and supplies-----	3,822,128	44,071	907	3,867,106	3,572,467
Depreciation-----	2,232,178	244,302	520,401	2,996,881	3,170,708
Total operating expenses-----	21,517,777	1,237,090	3,195,013	25,949,880	24,715,712
Payments/transfers within the Department-----	(3,768,381)	97,778	(368,820)	(4,039,423)	(4,013,462)
Operating income (loss)-----	(22,348,706)	(953,241)	2,563,539	(20,738,408)	(19,563,294)
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Non-capital contributions-----	-	133,000	-	133,000	133,000
Grants operating-----	10,226,456	-	-	10,226,456	11,253,421
Investment income-----	7,931	206	5,109	13,246	30,432
Interest on bonds-----	-	-	(290,751)	(290,751)	(492,417)
Amortization-----	-	-	(12,178)	(12,178)	(27,347)
Payments from Oklahoma City Riverfront Redevelopment Authority-----	-	50,000	-	50,000	-
Payments from Oklahoma City Economic Development Trust-----	-	-	-	-	8,729
Payments from City of Oklahoma City-----	11,491,369	670,000	-	12,161,369	9,606,151
Payments from the City of MAPS3 Sales Tax Fund-----	22,486	-	-	22,486	-
Other revenue (expenses)-----	65,614	-	5,100	70,714	(57,813)
Net non-operating revenues (expenses)-----	21,813,856	853,206	(292,720)	22,374,342	20,454,156
Income (loss) before contributions and special item-----	(534,850)	(100,035)	2,270,819	1,635,934	890,862
<u>CONTRIBUTIONS</u>					
Capital contributions from developers-----	-	-	-	-	6,500
Grant capital-----	525,342	-	-	525,342	670,287
Capital payments from City of Oklahoma City-----	14,024	-	-	14,024	310,904
Other capital contributions-----	-	-	-	-	1,054
Total contributions-----	539,366	-	-	539,366	988,745
<u>SPECIAL ITEM</u>					
Special item-----	-	-	7,373,238	7,373,238	-
Total special item-----	-	-	7,373,238	7,373,238	-
Changes in net assets-----	4,516	(100,035)	9,644,057	9,548,538	1,879,607
Total net assets, beginning, as previously reported-----	27,411,604	4,054,794	14,526,145	45,992,543	44,680,039
Prior period adjustment-----	-	-	-	-	(567,103)
Total net assets, beginning, as restated-----	27,411,604	4,054,794	14,526,145	45,992,543	44,112,936
Total net assets, ending-----	\$27,416,120	\$3,954,759	\$24,170,202	\$55,541,081	\$45,992,543

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**SCHEDULES OF CASH FLOWS
AUTHORITY FUNDS
For the Years Ended June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2012			2011	
	Division			Total	Total
	Transportation	River Cruises	Parking	Authority	Authority
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash received from customers-----	\$2,934,953	\$185,928	\$6,008,265	\$9,129,146	\$9,190,063
Cash payments to suppliers for goods and services-----	(7,191,376)	(1,061,627)	(2,742,825)	(10,995,828)	(10,149,572)
Cash payments to employees and professional contractors for services-----	(11,676,357)	-	-	(11,676,357)	(11,270,876)
Operating payments from (to) City of Oklahoma City-----	(1,320,981)	176,216	-	(1,144,765)	(2,900)
Operating payments within the Department-----	(3,528,750)	(94,385)	(293,988)	(3,917,123)	(3,917,501)
Net cash provided (used) by operating activities-----	(20,782,511)	(793,868)	2,971,452	(18,604,927)	(16,150,786)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>					
Cash received from operating grants-----	9,012,158	-	-	9,012,158	12,337,616
Transfers received from (paid to) other funds-----	(157,215)	(48,853)	-	(206,068)	134,592
Non-capital financing payments from (to) component units-----	-	50,000	-	50,000	-
Non-capital financing payments from (to) City of Oklahoma City-----	11,513,855	670,000	-	12,183,855	10,453,004
Other non-capital financing cash receipts-----	300,427	-	(3,433)	296,994	232,685
Net cash provided (used) by non-capital financing activities-----	20,669,225	671,147	(3,433)	21,336,939	23,157,897
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>					
Payments for acquisition and construction of capital assets-----	(955,361)	(38,406)	(564,309)	(1,558,076)	(3,858,466)
Principal paid on long-term debt-----	-	-	(1,715,000)	(1,715,000)	(1,635,000)
Interest paid on long-term debt-----	-	-	(574,927)	(574,927)	(593,025)
Payments to defease bonds-----	-	-	(12,111,260)	(12,111,260)	-
Capital financing payments from (to) component units-----	-	-	(121,250)	(121,250)	276,854
Capital financing payments from (to) City of Oklahoma City-----	-	-	-	-	316,443
Proceeds from sale of assets-----	1,130	-	8,677,334	8,678,464	121,355
Capital grants and contributions received-----	891,619	-	-	891,619	1,585,397
Other capital and capital related financing activities-----	-	-	-	-	1,054
Net cash provided (used) by capital and related financing activities-----	(62,612)	(38,406)	(6,409,412)	(6,510,430)	(3,785,388)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Purchase of investments-----	(999,747)	-	(16,996,150)	(17,995,897)	(18,528,050)
Proceeds from sale of investments-----	-	-	20,059,546	20,059,546	19,150,782
Changes in pooled investments-----	-	-	-	-	(13,317)
Investment income received-----	7,931	206	18,386	26,523	30,504
Purchased interest-----	-	-	-	-	(1)
Net cash provided by investing activities-----	(991,816)	206	3,081,782	2,090,172	639,918
Net increase (decrease) in cash-----	(1,167,714)	(160,921)	(359,611)	(1,688,246)	3,861,641
Cash, beginning-----	6,196,154	862,957	1,110,461	8,169,572	4,307,931
Cash, ending-----	\$5,028,440	\$702,036	\$750,850	\$6,481,326	\$8,169,572
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>					
Operating income (loss)-----	(\$22,348,706)	(\$953,241)	\$2,563,539	(\$20,738,408)	(\$19,563,294)
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>					
Depreciation-----	2,232,178	244,302	520,401	2,996,881	3,170,708
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable-----	(2,498)	-	(102,589)	(105,087)	60,446
(Increase) decrease in payments/transfers from (to) within the Department-----	66,062	-	56,243	122,305	20,961
(Increase) decrease in due from other funds-----	(2,207)	(15,947)	5,583	(12,571)	6,674
(Increase) decrease in receivable from City of Oklahoma City-----	(852,449)	53	-	(852,396)	(2,953)
(Increase) decrease in inventories-----	(76,336)	(6,277)	-	(82,613)	(7,874)
(Increase) decrease in prepaid assets-----	(6,676)	-	-	(6,676)	(52,958)
(Increase) decrease in other assets-----	(117,193)	-	-	(117,193)	-
Increase (decrease) in accounts payable-----	102,495	(62,278)	(77,124)	(36,907)	87,278
Increase (decrease) in wages and benefits payable-----	56,391	-	-	56,391	45,644
Increase (decrease) in due to other funds-----	15,947	-	-	15,947	-
Increase (decrease) in payable to City of Oklahoma City-----	(14,050)	(480)	6,051	(8,479)	87,698
Increase (decrease) in compensated absences-----	57,622	-	-	57,622	(3,507)
Increase (decrease) in notes, lease and estimated claims payable-----	60,000	-	-	60,000	-
Increase (decrease) in net other post-employment benefit obligation-----	40,784	-	-	40,784	43,920
Increase (decrease) in deferred revenue-----	6,125	-	(652)	5,473	(43,529)
Total adjustments-----	1,566,195	159,373	407,913	2,133,481	3,412,508
Net cash provided (used) by operating activities-----	(20,782,511)	(793,868)	2,971,452	(18,604,927)	(16,150,786)
<u>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>					
Net increase (decrease) in fair value of investments-----	\$ -	\$ -	(\$13,317)	(\$13,317)	\$13,317
Total non-cash investing, capital, and financing activities-----	\$ -	\$ -	(\$13,317)	(\$13,317)	\$13,317

**SCHEDULES OF NET ASSETS
ENTERPRISE FUNDS
June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2012		2011	
	Division		Total	Total
	<u>Transportation</u>	<u>Parking</u>	<u>Enterprise</u>	<u>Enterprise</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Pooled cash-----	\$195	\$1,556	\$1,751	\$4,460
Investments-----	5,950	49,168	55,118	121,087
Interest receivable-----	22	233	255	1,479
Payable/due from (to) within the Department-----	686,140	124,230	810,370	688,064
Total current assets-----	<u>692,307</u>	<u>175,187</u>	<u>867,494</u>	<u>815,090</u>
<u>NON-CURRENT ASSETS</u>				
Capital assets:				
Other capital assets, net of accumulated depreciation-----	-	16,358	16,358	22,555
Total assets-----	<u>692,307</u>	<u>191,545</u>	<u>883,852</u>	<u>837,645</u>
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts payable-----	-	21,410	21,410	731
Wages and benefits payable-----	50,525	14,552	65,077	76,700
Due to other funds-----	1,329	518	1,847	29,901
Compensated absences-----	78,794	24,070	102,864	95,768
Total current liabilities-----	<u>130,648</u>	<u>60,550</u>	<u>191,198</u>	<u>203,100</u>
<u>NON-CURRENT LIABILITIES</u>				
Compensated absences-----	233,066	49,398	282,464	280,266
Net other post-employment benefit obligation-----	328,593	65,239	393,832	331,724
Total non-current liabilities-----	<u>561,659</u>	<u>114,637</u>	<u>676,296</u>	<u>611,990</u>
Total liabilities-----	<u>692,307</u>	<u>175,187</u>	<u>867,494</u>	<u>815,090</u>
<u>NET ASSETS (DEFICIT)</u>				
Invested in capital assets, net of related debt-----	-	16,358	16,358	22,555
Total net assets (deficit)-----	<u>\$ -</u>	<u>\$16,358</u>	<u>\$16,358</u>	<u>\$22,555</u>

**SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
For the Years Ended June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2012		2011	
	Division		Total	Total
	<u>Transportation</u>	<u>Parking</u>	<u>Enterprise</u>	<u>Enterprise</u>
<u>OPERATING EXPENSES</u>				
Personal services-----	\$1,683,375	\$363,685	\$2,047,060	\$1,958,027
Maintenance, operations, and contractual services-----	2,007,236	202,445	2,209,681	2,252,493
Materials and supplies-----	-	27,234	27,234	4,839
Depreciation-----	-	6,197	6,197	6,197
Total operating expenses-----	3,690,611	599,561	4,290,172	4,221,556
Payments/transfers within the Department-----	3,689,192	350,231	4,039,423	4,013,462
Operating loss-----	(1,419)	(249,330)	(250,749)	(208,094)
<u>NON-OPERATING REVENUE</u>				
Investment income-----	1,419	1,795	3,214	5,019
Net non-operating revenue-----	1,419	1,795	3,214	5,019
Income (loss) before contributions and transfers-----	-	(247,535)	(247,535)	(203,075)
<u>CONTRIBUTIONS AND TRANSFERS</u>				
Transfers from other funds-----	-	241,338	241,338	196,878
Total contributions and transfers-----	-	241,338	241,338	196,878
Changes in net assets-----	-	(6,197)	(6,197)	(6,197)
Total net assets, beginning, as previously reported-----	-	22,555	22,555	(538,351)
Prior period adjustment-----	-	-	-	567,103
Total net assets, beginning, as restated-----	-	22,555	22,555	28,752
Total net assets (deficit), ending-----	\$ -	\$16,358	\$16,358	\$22,555

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**SCHEDULES OF CASH FLOWS
ENTERPRISE FUNDS
For the Years Ended June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2012		2011	
	Division		Total	(Restated)
	Transportation	Parking	Enterprise	Total Enterprise
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash payments to suppliers for goods and services-----	(\$2,031,771)	(\$212,520)	(\$2,244,291)	(\$2,255,437)
Cash payments to employees and professional contractors for services-----	(1,636,980)	(350,305)	(1,987,285)	(1,878,513)
Operating payments within the Department-----	3,623,135	293,988	3,917,123	3,917,501
Other cash receipts-----	-	-	-	23,667
Net cash provided (used) by operating activities-----	(45,616)	(268,837)	(314,453)	(192,782)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>				
Transfers received from (paid to) other funds-----	-	241,338	241,338	196,878
Net cash provided (used) by non-capital financing activities-----	-	241,338	241,338	196,878
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Changes in pooled investments-----	42,405	23,916	66,321	(17,802)
Investment income received-----	1,602	2,400	4,002	4,532
Purchased interest-----	45	38	83	-
Net cash provided (used) by investing activities-----	44,052	26,354	70,406	(13,270)
Net increase (decrease) in cash-----	(1,564)	(1,145)	(2,709)	(9,174)
Cash, beginning-----	1,759	2,701	4,460	13,634
Cash, ending-----	\$195	\$1,556	\$1,751	\$4,460
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
Operating income (loss)-----	(\$1,419)	(\$249,330)	(\$250,749)	(\$208,094)
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
Depreciation-----	-	6,197	6,197	6,197
Changes in assets and liabilities:				
(Increase) decrease in payments/transfers from (to) within the Department-----	(66,062)	(56,243)	(122,305)	(20,961)
(Increase) decrease in receivable from component units-----	-	-	-	(75,000)
Increase (decrease) in accounts payable-----	-	20,678	20,678	(1,415)
Increase (decrease) in wages and benefits payable-----	(12,393)	772	(11,621)	(18,429)
Increase (decrease) in due to other funds-----	(24,535)	(3,519)	(28,054)	26,978
Increase (decrease) in compensated absences-----	5,924	3,369	9,293	9,726
Increase (decrease) in net other post-employment benefit obligation-----	52,869	9,239	62,108	88,216
Total adjustments-----	(44,197)	(19,507)	(63,704)	15,312
Net cash provided (used) by operating activities-----	(45,616)	(268,837)	(314,453)	(192,782)
<u>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>				
Net increase (decrease) in fair value of investments-----	\$259	\$94	\$353	\$2,198
Total non-cash investing, capital, and financing activities-----	\$259	\$94	\$353	\$2,198

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

Board of Trustees
Central Oklahoma Transportation and Parking Department
Oklahoma City, Oklahoma

We have audited the financial statements of the business-type activities, each major fund and the discrete component unit of the Oklahoma City Public Transportation and Parking Department (the Department), including the Central Oklahoma Transportation and Parking Authority, a component unit of the City of Oklahoma City, Oklahoma (the City), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 10, 2012, which included an explanatory paragraph disclosing that the 2011 fund level financial statements have been restated. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Department is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures 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 Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Department's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 12-01 and 12-02 to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to the Department's management in a separate letter dated December 10, 2012.

The Department's responses to the finding in our audit are described in the accompanying schedule of findings and responses. We did not audit the Department's responses and, accordingly, we express no opinion on them.

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

This report is intended solely for the information and use of the Board of Trustees, management, the City and others within the Department and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

December 10, 2012

Central Oklahoma Transportation and Parking Authority
Schedule of Findings and Responses
Year Ended June 30, 2012

Reference Number	Finding
12-01	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – Interfund reimbursements were not properly reflected within the Department’s financial statements to reflect the fund responsible for the particular expense in prior years. As a result, certain funds within the Department have not historically reported an asset or liability for expenses incurred by one fund on behalf of another fund which had not yet been reimbursed as of year-end. This matter required a restatement of the 2011 financial statements to properly reflect assets and liabilities.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Material misstatements in the financial statements resulted from presentation errors that occurred and were not detected and/or corrected in a timely manner, resulting in a restatement of the 2011 fund level financial statements.</p> <p>Cause – Previously issued guidance was not properly implemented and the receivables and accruals recorded by the funds were not properly monitored.</p> <p>Recommendation – We recommend management continue to monitor activity/transactions of the Department to ensure year end receivables and accruals and proper presentation in accordance with the prescribed guidance.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree with the change in treatment of these transactions and have recorded these transactions in the current year and will record the appropriate amounts in the future.</p>

Central Oklahoma Transportation and Parking Authority
Schedule of Findings and Responses
Year Ended June 30, 2012

Reference Number	Finding
12-02	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – In an effort to improve reporting of unrecorded payables, the City and Department changed the method used to identify certain payables to be accrued at year-end. The City and Department implemented a process whereby the department managers provided estimates of payables based on the progress on projects. The Accounting Services Division relied on the payable information provided by the department managers and did not validate the information. Based on our testing of payables, we identified certain instances where payables recorded under this new method were both overstated and understated.</p> <p>Context – Timely and accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Potential material misstatements in the financial statements due to error could occur and not be detected and/or corrected in a timely manner.</p> <p>Cause – Insufficient education of department managers regarding what information was actually needed and the testing of the new process methodology was not completed.</p> <p>Recommendation – We recommend that new processes implemented by clearly communicated and results tested to ensure the accuracy of the information being generated by the new process.</p> <p>View of Responsible Officials and Planned Corrective Actions – We agree the process needs improvement and will implement year-end training and a process that includes requiring documentation of amounts provided by departments in order to validate accuracy of information.</p>