Central Oklahoma Transportation & Parking Authority

A discrete component unit of The City of Oklahoma City, Oklahoma

Annual Financial Report | for the Fiscal Year ended June 30, 2017

THE CENTRAL OKLAHOMA TRANSPORTATION AND PARKING AUTHORITY

A Discrete Component Unit of
Oklahoma City, Oklahoma

Board of Trustees

Management

Annual Financial Report for the Fiscal Year Ended June 30, 2017

Prepared by The Oklahoma City Finance Department, Accounting Services Division
Laura L. Papas, Controller

CENTRAL OKLAHOMA
TRANSPORTATION
AND PARKING AUTHORITY

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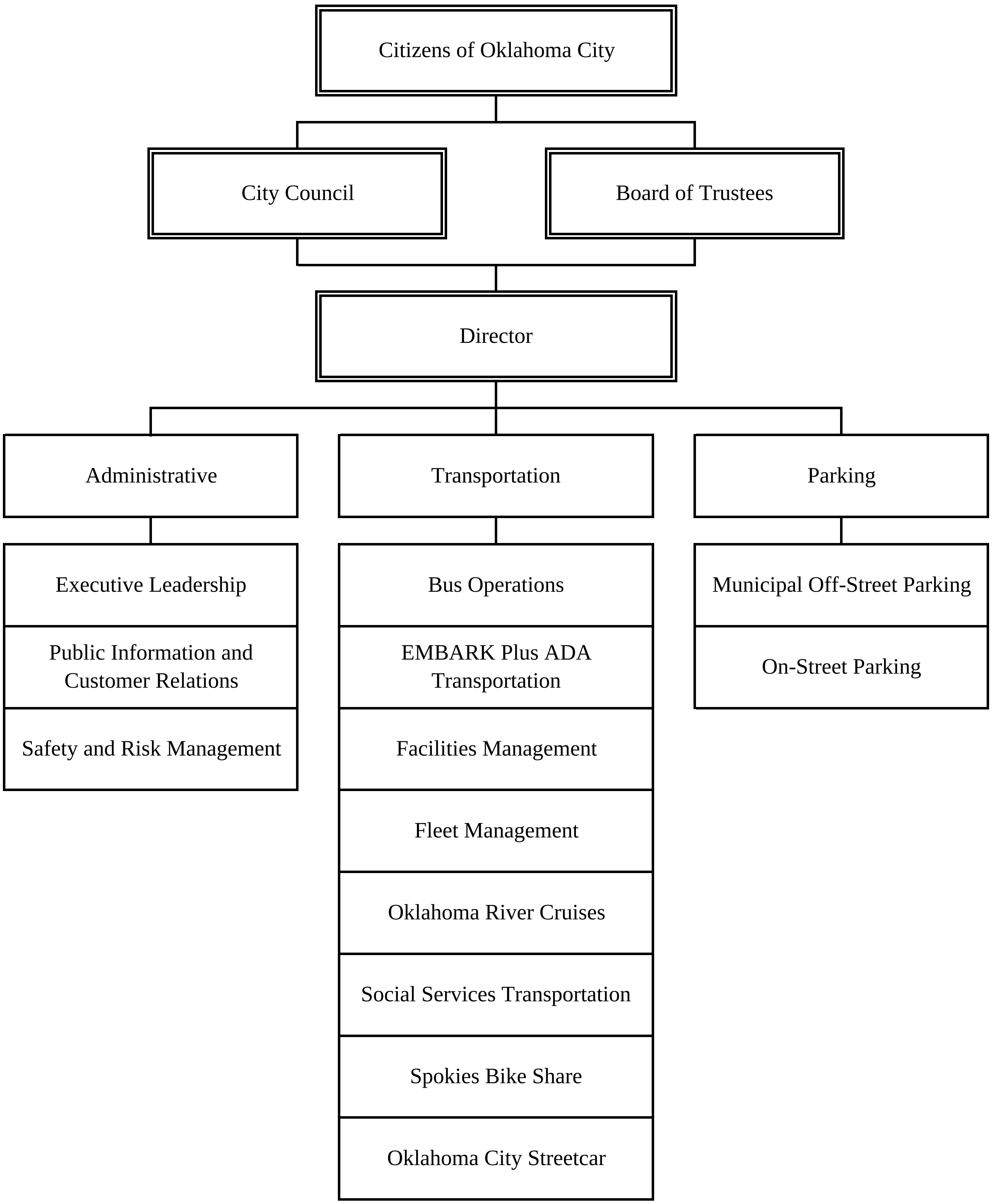
City of Oklahoma City Transportation and Parking Department Organization Chart



Introductory Section

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EMBARK

November 17, 2017

The Board of Trustees of the
Central Oklahoma Transportation and Parking Authority

The Central Oklahoma Transportation and Parking Authority (Authority) annual financial report (annual report) provides a comprehensive overview of the Authority'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 Authority.

The Authority's annual report includes the report of independent auditors, management's discussion and analysis (MD&A), financial statements, related notes, and required supplementary information. Management's narrative on the financial activities of the Authority for the fiscal years ended June 30, 2017 and 2016, is in the MD&A section of this report, immediately following the independent auditor's report on financial statements and supplementary information. The Authority is included within the City's Comprehensive Annual Financial Report (CAFR).

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.

Oklahoma City is emerging from the recent downturn in the local economy caused by the impact of low oil and natural gas prices in the energy industry. Oil and natural gas prices have stabilized and energy companies have improved their processes and technology such that they have stabilized even though the price of oil remains in the $45-$50 per barrel range. While Oklahoma City has a diverse economic base, the energy industry still has a major impact on the health of the local economy. Going forward, Oklahoma City has a number of factors in its favor. The cost of living and the cost of doing business are consistently rated among the best in the country. In addition, low commuting times, convenient airline travel, and excellent entertainment and sports opportunities make Oklahoma City a great place for businesses and residents.

According to the website Glassdoor, Oklahoma City came in at No. 10 on their 2016 list of "Best Cities for Jobs" and No. 3 in their study for "Best Large Cities to Start a Business." The list for best cities for jobs was based on factors such as hiring opportunity, cost of living and job satisfaction while the list for best large cities to start a business was focused on metrics such as office-space affordability and educational attainment of the local labor force. American City and County placed Oklahoma City at #21 on its list of the 25 best run cities in America. Other recent accolades for Oklahoma City include #7 “Best City to Raise a Family” according to SmartAsset, a top ten city for housing affordability among big cities according to Demographia, and #2 “Best City for First Time Homebuyers” according to SmartAsset.

In his February 7, 2017, report, Dr. Russel Evans, Executive Director of the Steven C. Agee Economic Research & Policy Institute of Oklahoma City University, provided his economic forecast to the City Council during the annual budget workshop. He reviewed the depth of the energy industry contraction in 2015 and 2016, the exacerbating effect of the national inventory cycle from the second quarter of 2015 through the second quarter of 2016, and the recessionary impact they had on the state economy. Dr. Evans' forecast for the U.S. economy was for average Gross Domestic Product (GDP) growth of about 2% through 2018, growth in nonfarm jobs of about 175,000 per month through 2017 and very gradual increases in interest rates. For Oklahoma, Dr. Evans projects 2017 to be "a year of recovery and economic improvement." Looking specifically at Oklahoma City, Dr. Evans stated "Both metro product and personal income are expected to resume solid growth in 2017 with gross metro product climbing by 3.0% to $73.5 billion and personal income growing by 3.9% to $66 billion. Both measures are expected to maintain strength into 2018." On the population front, Oklahoma City is expected to continue growing at an average annual rate of 1.6% reaching 1.4 million in the metropolitan area in 2018. Dr. Evans' forecast for sales tax were for growth in the range of 3.8% to 4.2% for fiscal year 2018.

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 Authority 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 Authority's management maintains budgetary controls to ensure effective financial oversight.

In compliance with statutory requirements, the Authority engaged AGH, L.C. to conduct its annual audit. The Authority acknowledges the professional and competent services of its independent auditors.

Respectfully submitted,

Jason Ferbrache
Central Oklahoma Transportation and Parking Authority
Administrator

Laura L. Papas
City of Oklahoma City
Controller

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Central Oklahoma Transportation and Parking Authority
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Central Oklahoma Transportation and Parking Authority (Authority), a discrete component unit of the City of Oklahoma City, Oklahoma (City), as of and for the year ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Allen, Gibbs & Houlik, L.C. aghlc.com aghemployersolutions.com aghuniversity.com 316.267.7231 301 N. Main, Suite 1700 Wichita, KS 67202-4868

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Authority as of June 30, 2017 and 2016, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note I.B.1*, the financial statements present only the Central Oklahoma Transportation and Parking Authority, a discrete component unit of the City, and do not purport to, and do not, present fairly the financial position of the Oklahoma City Public Transportation and Parking Department as of June 30, 2017 and 2016, the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying transmittal letter is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The transmittal letter has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

November 17, 2017
Wichita, KS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Central Oklahoma Transportation and Parking Authority (Authority) annual financial report, the Authority's management provides narrative discussion and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2017 and 2016. The Authority'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 Authority is a discretely presented component unit of the City of Oklahoma City (City).

Financial Summary

- Authority assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $83,406,994 (net position) for 2017. This compares to the previous year when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $79,603,521 (net position).

- Total assets for the Authority increased by $1,604,724 (1.4%) to $113,083,642 during the fiscal year. This compares to the previous year when assets increased by $5,159,545.

- Total liabilities for the Authority decreased by $3,206,532 (9.9%) to $29,346,172 during the fiscal year. This compares to the previous year when liabilities decreased by $204,229.

- Total net position is comprised of the following:
  (1) Net investment in capital assets, in the amount of $57,286,626 at June 30, 2017, and $56,084,175 at June 30, 2016, includes capital assets, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Net position of $2,107,536 and $2,097,553 at June 30, 2017 and 2016, respectively, is restricted for debt service by constraints imposed by debt covenants.
  (3) Unrestricted net position is $24,012,832 at June 30, 2017, and $21,421,793 at June 30, 2016.

Overview of the Financial Statements

This discussion and analysis introduces the Authority's basic financial statements. The basic financial statements include: (1) statement of net position, (2) statement of revenues, expenses and changes in net position, (3) statement of cash flows (4) fiduciary financial statements, and (5) notes to the financial statements. The Authority also includes in this report additional information to supplement the basic financial statements.

Financial Statements

Proprietary funds

Proprietary funds report transportation, parking and river cruise services for which the Authority charges a fee.

The Authority's annual report includes three proprietary fund financial statements. These statements provide both long-term and short-term information about the overall status of the Authority and are presented to demonstrate the extent the Authority has met its operating objectives efficiently and effectively using all the resources available and whether the Authority 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 position. This is the statement of position presenting information that includes all of the Authority's assets and liabilities, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority 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 position which reports how the Authority's net position changed during the current fiscal year and can be used to assess the Authority's operating results in its entirety and analyze how the Authority's programs are financed. All current year revenues and expenses are included regardless of when cash is received or paid.

The third statement is the statement of cash flows which reports the inflows and outflows of Authority cash.

Fiduciary Funds

The Central Oklahoma Transportation and Parking Employee Retirement Trust (COTPA Retirement) is a fiduciary component unit of the Authority. COTPA Retirement reports pension resources that are not available to fund Authority 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 proprietary funds, 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 Authority's progress in funding its obligations to provide pension and other post-employment benefits to its employees.

Financial Analysis

The Authority's net position at fiscal year-end is $83,406,994. This is an increase of $3,803,473 over last year's net position of $79,603,521. Overall, the Authority's financial position improved during fiscal year 2017.

Summary of Net Position

	2017	2016	2017-2016 Amount of Change	2017-2016 % Change	2015	2016-2015 Amount of Change	2016-2015 % Change
Assets							
Current assets	$33,989,744	$32,784,159	$1,205,585	3.7%	$28,280,100	$4,504,059	15.9%
Capital assets, net	77,246,538	77,132,716	113,822	0.1	76,485,271	647,445	0.8
Other non-current assets	1,847,360	1,562,043	285,317	18.3	1,554,002	8,041	0.5
Total assets	**113,083,642**	**111,478,918**	**1,604,724**	1.4	**106,319,373**	**5,159,545**	4.9
Deferred outflows	**1,579,685**	**1,302,337**	**277,348**	21.3	**557,477**	**744,860**	133.6
Liabilities							
Current liabilities	3,756,384	4,962,494	(1,206,110)	(24.3)	4,612,985	349,509	7.6
Non-current liabilities	25,589,788	27,590,210	(2,000,422)	(7.3)	28,143,948	(553,738)	(2.0)
Total liabilities	**29,346,172**	**32,552,704**	**(3,206,532)**	(9.9)	**32,756,933**	**(204,229)**	(0.6)
Deferred inflows	**1,910,161**	**625,030**	**1,285,131**	205.6	**776,778**	**(151,748)**	(19.5)
Net position							
Net investment in capital assets	57,286,626	56,084,175	1,202,451	2.1	54,072,820	2,011,355	3.7
Restricted	2,107,536	2,097,553	9,983	0.5	2,094,785	2,768	0.1
Unrestricted	24,012,832	21,421,793	2,591,039	12.1	17,175,534	4,246,259	24.7
Total net position	**$83,406,994**	**$79,603,521**	**$3,803,473**	4.8	**$73,343,139**	**$6,260,382**	8.5

Current assets increased by $1.21 million in 2017 and $4.5 million in 2016. In 2017, cash and investments increased by $117 thousand, receivable from the City increased by $1.50 million primarily related to the timing of the City General Fund subsidy payment, offset by decreases in intergovernmental receivables of $291 thousand in Federal grant receivables, a decrease in supply inventories of $96 thousand and a decrease in accounts receivable of $35 thousand primarily due to improved collections in the municipal offstreet parking system. In 2016, cash and investments increased $5.44 million, offset by a decrease in receivable from the City of $650 thousand related to the timing of the City General Fund subsidy payment, and a decrease in intergovernmental receivables of $389 thousand related to the timing of receipts of Federal grant revenues.

Net capital assets increased $114 thousand in 2017 with construction and capital acquisitions of $4.79 million, net of retirements of $57 thousand and depreciation of $4.62 million. Net capital assets increased $647 thousand in 2016 with construction and capital acquisitions of $4.88 million, net of depreciation of $4.24 million

Other non-current assets increased $285 thousand in 2017 primarily related to a $300 thousand increase in receivable from the City due to the prefunding of the initial payments for a radio system. In 2016 other non-current assets remained stable increasing by only $8 thousand.

Current liabilities decreased $1.21 million in 2017 primarily due to a decrease in accounts payable and accrued expenses of $746 thousand related to timing of vendor payments, a decrease in wages and benefits payable of $514 thousand primarily related to the number of days to accrue, and a decrease in payable to the City of $69 thousand primarily due to spending an advance from the City Capital Improvements Fund of $155 thousand received in 2016, offset by an increase in unearned revenue of $134 thousand due to the timing of receipt of monthly contract parking payments. Current liabilities increased $350 thousand in 2016 due primarily to a $346 thousand increase in wages and benefits payable due to the number of days to accrue, a $282 thousand increase in payable to the City primarily for $114 thousand in reimbursements for City credit card payments and $155 thousand advance from the City Capital Improvement fund which was spent in 2017, offset by a decrease in accounts payable in the amount of $274 thousand primarily related to the timing of vendor payments.

In 2017, non-current liabilities decreased $2.0 million due to a $866 thousand decrease in the actuarially determined net pension liability, the reduction in non-current bonds payable for the current portion due of $625 thousand, a $202 thousand decrease in the actuarially determined other post-employment benefit obligation, a decrease of $150 thousand in payable to the City for cost reimbursement to the City Transportation Fund and City Parking Fund and a decrease in the non-current portion of unearned revenue of $133 for normal amortization of the prepaid naming rights. Non-current liabilities decreased $554 thousand in 2016 due primarily to a decrease in non-current portion of bonds payable of $615 thousand, a decrease in compensated absences of $161 thousand primarily due to retirement payouts to long term employees, and a $136 thousand decrease in the non-current portion of unearned revenue for the normal amortization of the prepaid naming rights, offset by a $329 increase in the actuarially determined net pension liability and $86 thousand increase in the actuarially determined other post-employment benefit obligation.

Summary of Changes in Net Position

	2017	2016	2017-2016 Amount of Change	2017-2016 % Change	2015	2016-2015 Amount of Change	2016-2015 % Change
Operating revenues	**$11,713,557**	**$11,998,784**	**($285,227)**	(2.4%)	**$12,070,639**	**($71,855)**	(0.6%)
Operating expenses							
Personal services	16,562,887	15,903,537	659,350	4.1	14,993,822	909,715	6.1
Maintenance, operations, and contractual services	10,253,453	11,172,365	(918,912)	(8.2)	11,658,162	(485,797)	(4.2)
Material and supplies	3,499,455	3,346,744	152,711	4.6	3,601,861	(255,117)	(7.1)
Depreciation	4,617,165	4,235,103	382,062	9.0	3,652,405	582,698	16.0
Total operating expenses	**34,932,960**	**34,657,749**	**275,211**	0.8	**33,906,250**	**751,499**	2.2
Operating loss	**(23,219,403)**	**(22,658,965)**	**(560,438)**	(2.5)	**(21,835,611)**	**(823,354)**	(3.8)
Net non-operating revenues	**24,802,945**	**27,469,208**	**(2,666,263)**	(9.7)	**28,272,300**	**(803,092)**	(2.8)
Contributions	**2,219,931**	**1,450,139**	**769,792**	53.1	**266,088**	**1,184,051**	445.0
Changes in net position	**3,803,473**	**6,260,382**	**(2,456,909)**	(39.2)	**6,702,777**	**(442,395)**	(6.6)
Beginning net position							
As previously reported	79,603,521	73,343,139	6,260,382	8.5	73,112,181	230,958	0.3
Change in accounting principle	-	-	-	0.0	(6,471,819)	6,471,819	100.0
As restated	79,603,521	73,343,139	6,260,382	8.5	66,640,362	6,702,777	10.1
Ending net position	**$83,406,994**	**$79,603,521**	**$3,803,473**	4.8	**$73,343,139**	**$6,260,382**	8.5

Operating revenues decreased $285 thousand in fiscal year 2017. Transportation revenues decreased by $178 thousand primarily due to decrease in lease revenue at the Santa Fe Depot of $95 thousand due to renovation, and a decrease in transportation charges of $81 thousand related primarily to a $40 thousand decrease in Spokies sponsorship revenues due to a one time sponsorship received in 2016. Parking revenues decreased by $137 thousand due to a decrease in parking charges of $259 thousand due primarily to a downturn in the economy, offset by an increase in lease and rental revenues of $122 thousand primarily for the retail space in the Arts District parking garage. River revenues increased $29 thousand due to increased ridership. Operating revenues decreased $72 thousand in fiscal year 2016. Transportation revenues decreased by $84 thousand primarily due to a decrease in advertising revenues of $187 thousand related to the downturn in the economy, offset by increased revenues for the Spokies bike program of $47 thousand and lease income at the Santa Fe Depot of $53 thousand. River revenues decreased $18 thousand principally due to a reduced schedule during the winter months. Parking revenues increased by $31 thousand due primarily to new lease revenues for the retail space in the Arts District parking garage.

Operating expenses increased $275 thousand in fiscal year 2017. Maintenance and operations and contractual services decreased by $919 thousand primarily related to discontinuing the $672 thousand contract for Metrolink services which provided night and weekend services that are now covered with expanded fixed route bus services and a decrease in insurance and indemnity costs of $522 thousand due to a decrease in estimated claims. Personal services increased $659 thousand primarily related to filling vacant positions and normal pay increases, depreciation expense increased by $382 thousand due primarily to projects completed at the end of 2016 being depreciated for a full year. The materials and supplies increase of $153 thousand is primarily related to $100 thousand to purchase furniture for the renovated Santa Fe Station. Operating expenses increased $751 thousand in fiscal year 2016. Personal services increased $910 thousand, mainly for overtime pay of $407 thousand to cover vacancies, $239 thousand for vacation and sick pay for the retirement of ten employees and $260 for normal pay rate adjustments and extended hours of operation. Maintenance and operations costs decreased by $486 thousand related to outsourced repairs for the bus fleet. The materials and supplies costs decrease of $255 thousand was mainly for reduced fuel costs of $557 thousand, offset by increased repair parts costs of $353 thousand to maintain the fleet in house.

Net non-operating revenues decreased by $2.67 million in fiscal year 2017 due to a $1.23 million decrease in the City General Fund subsidy, a $1.11 million decrease due to a payment from the Oklahoma City Economic Development Trust in 2016 to fund retail space construction at the Arts District Garage and a $453 thousand decrease in operating grant revenues. Net non-operating revenues decreased $803 thousand in fiscal year 2016. This was caused by a decrease in City General Fund subsidy of $1.27 million, increased bond interest costs of $284 thousand and other expenses of $337 thousand primarily for pass through grants to the City of Edmond, offset by an increase in operating grant revenues of $656 thousand.

Contributions and transfers increased $770 thousand in fiscal year 2017 primarily from an increase in capital grants of $1.77 million to fund the purchase of new buses, offset by a decrease in capital contributions of $978 thousand related to the one time contribution of land in 2016. Contributions and transfers increased $1.18 million in fiscal year 2016 primarily from a capital contribution of $978 thousand for the land under the Arts District garage.

In 2015, a change in accounting principle related to implementing Governmental Accounting Standards Board (GASB) statement number 68 for pensions resulted in a $6.47 million reduction of the beginning balance of the net position.

Capital Assets and Debt Administration

Capital Assets

The Authority’s investment in capital assets, net of accumulated depreciation, as of June 30, 2017 and 2016, was $77,246,538 and $77,132,716, respectively. This was an increase of 0.1% in 2017 in this investment compared to an increase of 0.8% in 2016. See Note II. G. for more information regarding capital assets.

Capital Assets, Net of Accumulated Depreciation

	2017	2016	2017-2016 Amount of Change	2017-2016 % Change	2015	2016-2015 Amount of Change	2016-2015 % Change
Non-Depreciable Assets							
Land and art	$5,850,022	$5,850,022	$ -	0.0%	$4,955,522	$894,500	18.1%
Construction in progress	1,507,215	832,318	674,897	81.1	2,198,017	(1,365,699)	(62.1)
Total non-depreciable assets	7,357,237	6,682,340	674,897	10.1	7,153,539	(471,199)	(6.6)
Depreciable Assets							
Buildings	9,715,381	10,455,951	(740,570)	(7.1)	10,501,514	(45,563)	(0.4)
Improvements other than buildings	8,020,558	7,926,806	93,752	1.2	8,071,127	(144,321)	(1.8)
Buses, automobiles and river boats	10,331,656	8,938,475	1,393,181	15.6	9,468,808	(530,333)	(5.6)
Parking garages and surface lots	38,296,362	39,325,518	(1,029,156)	(2.6)	38,161,574	1,163,944	3.1
Other assets	3,525,344	3,803,626	(278,282)	(7.3)	3,128,709	674,917	21.6
Total depreciable assets	69,889,301	70,450,376	(561,075)	(0.8)	69,331,732	1,118,644	1.6
	$77,246,538	**$77,132,716**	**$113,822**	0.1	**$76,485,271**	**$647,445**	0.8

Land and art was unchanged in 2017 and increased $895 thousand in 2016 primarily for the contribution of land for the new Arts District Parking Garage. Construction in progress increased $675 thousand in 2017 primarily due to increases of $597 thousand for improvements to the South May Facility, $170 thousand for parking garage improvements and $109 thousand related to traffic signal installations, partially offset by a decrease of $226 thousand due to completion of Union Station improvements. Construction in progress decreased $1.37 million in 2016 primarily related to the completion of the office spaces in the Arts District Parking Garage with a total cost of $2.04 million and completion of the Santa Fe Garage rehabilitation project for a total cost of $464 thousand and transferring these projects to depreciable assets.

Depreciable assets decreased by $561 thousand in 2017 primarily due to normal depreciation and the retirement of 4 buses, offset by $3.2 million for the purchase of 8 new buses, $853 thousand primarily related to the completion of the Union Station improvements, $127 thousand for the purchase of 8 new bike kiosks and $71 thousand for pay-in-lane equipment for the Sheridan Walker parking garage. Depreciable assets increased in 2016 by $1.12 million mainly due to an increase of $2.51 million for the office space and the Santa Fe Garage rehabilitation transferred from construction in process, $806 thousand related to purchase of nine paratransit vans and two crew cab pickups, and improvements to parking garages and various transportation facilities, offset by normal depreciation.

Long-term Debt
At the end of the 2017 fiscal year the Authority had total bonded debt outstanding of $20.20 million. This debt was solely supported by pledged revenues generated by the parking activities of the Authority (revenue bonds). See Note III. D. for more information regarding revenue bonds.

Outstanding Bonds

	2017	2016	2017-2016 Amount of Change	2017-2016 % Change	2015	2016-2015 Amount of Change	2016-2015 % Change
Revenue bonds							
Parking	$20,195,000	$20,810,000	($615,000)	(3.0%)	$21,420,000	($610,000)	(2.8%)

The change in outstanding debt for both 2017 and 2016 is the result of scheduled principal bond debt service payments. See Note III. G. for more information regarding changes in long-term debt.

Bond Ratings
The bonds are issued through the Authority. Authority bonds are rated Aa2 and AA by Moody's and Standard and Poor's rating agencies, respectively.

Economic Factors

The transportation division continues to maintain ridership growth experienced in the previous two fiscal years due to extended hours of operation, enhanced frequency, and the addition of customer amenities. Parking occupancy in the off-street parking system declined as a result of the downturn in the local economy.

Contacting the Department's Financial Management

This financial report is designed to provide a general overview of the Authority'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.

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Basic Financial Statements

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.

Fiduciary Fund Financial Statements

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

	2017				2016			
	Transportation	River Cruises	Parking	Total Authority	Transportation	River Cruises	Parking	Total Authority
ASSETS								
CURRENT ASSETS								
Non-pooled cash	$1,160,157	$343,696	$3,118,344	$4,622,197	$2,209,371	$317,091	$2,468,753	$4,995,215
Investments	13,964,523	-	12,018,778	25,983,301	15,468,268	-	10,025,291	25,493,559
Accounts receivable, net	139,372	-	47,072	186,444	93,823	-	128,062	221,885
Interest receivable	-	-	339	339	1,244	-	1,072	2,316
Internal balances	(139,893)	107,022	32,871	-	25,470	4,530	(30,000)	-
Receivable from City of Oklahoma City	1,338,739	-	214,750	1,553,489	-	-	49,749	49,749
Intergovernmental receivables	679,603	-	-	679,603	970,775	-	-	970,775
Inventories	896,938	1,189	-	898,127	993,380	1,220	-	994,600
Prepaids	66,244	-	-	66,244	56,059	-	1	56,060
Total current assets	18,105,683	451,907	15,432,154	33,989,744	19,818,390	322,841	12,642,928	32,784,159
NON-CURRENT ASSETS								
Investments	-	-	1,482,198	1,482,198	-	-	1,482,553	1,482,553
Receivable from City of Oklahoma City	299,870	-	-	299,870	-	-	-	-
Prepaids	292	-	-	292	10,207	-	-	10,207
Other	65,000	-	-	65,000	69,283	-	-	69,283
Capital assets:								
Land, art, and construction in progress	4,452,575	-	2,904,662	7,357,237	3,928,145	-	2,754,195	6,682,340
Other capital assets, net of accumulated depreciation	22,867,798	4,179,893	42,841,610	69,889,301	21,925,874	4,455,858	44,068,644	70,450,376
Total capital assets	27,320,373	4,179,893	45,746,272	77,246,538	25,854,019	4,455,858	46,822,839	77,132,716
Total non-current assets	27,685,535	4,179,893	47,228,470	79,093,898	25,933,509	4,455,858	48,305,392	78,694,759
Total assets	**45,791,218**	**4,631,800**	**62,660,624**	**113,083,642**	**45,751,899**	**4,778,699**	**60,948,320**	**111,478,918**
DEFERRED OUTFLOWS OF RESOURCES	**1,579,685**	**-**	**-**	**1,579,685**	**1,302,337**	**-**	**-**	**1,302,337**
LIABILITIES								
CURRENT LIABILITIES								
Accounts payable and accrued expenses	1,185,927	16,662	474,840	1,677,429	1,761,089	6,071	656,553	2,423,713
Wages and benefits payable	232,429	-	-	232,429	746,157	-	-	746,157
Payable to component units	-	-	-	-	-	25	-	25
Payable to City of Oklahoma City	197,525	91,008	12,866	301,399	312,430	404	57,129	369,963
Compensated absences	193,654	-	-	193,654	211,489	-	-	211,489
Unearned revenue	105	146,358	153,008	299,471	105	141,743	23,524	165,372
Bond interest payable	-	-	427,002	427,002	-	-	430,775	430,775
Bonds payable	-	-	625,000	625,000	-	-	615,000	615,000
Total current liabilities	1,809,640	254,028	1,692,716	3,756,384	3,031,270	148,243	1,782,981	4,962,494
NON-CURRENT LIABILITIES								
Compensated absences	208,855	-	-	208,855	232,783	-	-	232,783
Payable to City of Oklahoma City	399,058	-	52,980	452,038	527,844	-	74,651	602,495
Unearned revenue	-	566,995	-	566,995	-	700,256	-	700,256
Bonds payable	-	-	19,570,000	19,570,000	-	-	20,195,000	20,195,000
Net pension liability	4,600,125	-	-	4,600,125	5,466,252	-	-	5,466,252
Net other post-employment benefit obligation	191,775	-	-	191,775	393,424	-	-	393,424
Total non-current liabilities	5,399,813	566,995	19,622,980	25,589,788	6,620,303	700,256	20,269,651	27,590,210
Total liabilities	**7,209,453**	**821,023**	**21,315,696**	**29,346,172**	**9,651,573**	**848,499**	**22,052,632**	**32,552,704**
DEFERRED INFLOWS OF RESOURCES	**1,910,161**	**-**	**-**	**1,910,161**	**625,030**	**-**	**-**	**625,030**
NET POSITION								
Net investment in capital assets	27,294,144	4,179,893	25,812,589	57,286,626	25,525,012	4,455,860	26,103,303	56,084,175
Restricted for debt service	-	-	2,107,536	2,107,536	-	-	2,097,553	2,097,553
Unrestricted	10,957,145	(369,116)	13,424,803	24,012,832	11,252,621	(525,660)	10,694,832	21,421,793
Total net position	**$38,251,289**	**$3,810,777**	**$41,344,928**	**$83,406,994**	**$36,777,633**	**$3,930,200**	**$38,895,688**	**$79,603,521**

See accompanying notes to financial statements.

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

	2017				2016			
	Division			Total	Division			Total
	Transportation	River Cruises	Parking	Authority	Transportation	River Cruises	Parking	Authority
OPERATING REVENUES								
CHARGES FOR SERVICES								
Transportation charges	$2,896,940	$ -	$ -	$2,896,940	$2,977,541	$ -	$ -	$2,977,541
River cruise charges	-	136,395	-	136,395	-	107,194	-	107,194
Parking	-	-	8,105,674	8,105,674	-	-	8,365,065	8,365,065
Other charges	40	-	500	540	966	-	-	966
Total charges for services	2,896,980	136,395	8,106,174	11,139,549	2,978,507	107,194	8,365,065	11,450,766
Lease and rental income	24,336	-	252,538	276,874	119,109	-	130,896	250,005
Other	291,191	48	5,895	297,134	292,484	41	5,488	298,013
Total operating revenues	**3,212,507**	**136,443**	**8,364,607**	**11,713,557**	**3,390,100**	**107,235**	**8,501,449**	**11,998,784**
OPERATING EXPENSES								
Personal services	16,299,470	50,251	213,166	16,562,887	15,707,609	49,279	146,649	15,903,537
Maintenance, operations, and contractual services	5,619,543	948,428	3,685,482	10,253,453	7,062,811	908,999	3,200,555	11,172,365
Materials and supplies	3,374,249	12,940	112,266	3,499,455	3,216,034	28,355	102,355	3,346,744
Depreciation	2,766,736	275,966	1,574,463	4,617,165	2,460,556	275,967	1,498,580	4,235,103
Total operating expenses	**28,059,998**	**1,287,585**	**5,585,377**	**34,932,960**	**28,447,010**	**1,262,600**	**4,948,139**	**34,657,749**
Operating loss	**(24,847,491)**	**(1,151,142)**	**2,779,230**	**(23,219,403)**	**(25,056,910)**	**(1,155,365)**	**3,553,310**	**(22,658,965)**
NON-OPERATING REVENUES (EXPENSES)								
Non-capital contributions	312,315	133,260	-	445,575	282,189	136,099	-	418,288
Grants operating	9,275,507	-	-	9,275,507	9,728,265	-	-	9,728,265
Investment income	65,969	52	52,568	118,589	40,491	49	31,278	71,818
Interest on bonds	-	-	(853,988)	(853,988)	-	-	(861,549)	(861,549)
Oil and gas royalties	500	-	-	500	-	-	-	-
Riverfront Redevelopment Authority	-	25,000	-	25,000	-	25,000	-	25,000
Economic Development Trust	-	-	-	-	-	-	1,112,000	1,112,000
Payments from City of Oklahoma City	15,125,631	725,566	214,750	16,065,947	16,332,835	725,566	238,500	17,296,901
Other revenues (expenses)	(530,865)	-	256,680	(274,185)	(327,390)	5,875	-	(321,515)
Net non-operating revenues (expenses)	**24,249,057**	**883,878**	**(329,990)**	**24,802,945**	**26,056,390**	**892,589**	**520,229**	**27,469,208**
Income before contributions	**(598,434)**	**(267,264)**	**2,449,240**	**1,583,542**	**999,480**	**(262,776)**	**4,073,539**	**4,810,243**
CONTRIBUTIONS								
Capital contributions	-	-	-	-	-	-	978,000	978,000
Grants capital	2,007,128	-	-	2,007,128	237,793	-	-	237,793
Other capital contributions	212,803	-	-	212,803	137,538	90,000	6,808	234,346
Transfers to other funds	(147,841)	147,841	-	-	5,473	24,527	(30,000)	-
Total contributions	**2,072,090**	**147,841**	**-**	**2,219,931**	**380,804**	**114,527**	**954,808**	**1,450,139**
Changes in net position	**1,473,656**	**(119,423)**	**2,449,240**	**3,803,473**	**1,380,284**	**(148,249)**	**5,028,347**	**6,260,382**
Total net position, beginning	36,777,633	3,930,200	38,895,688	79,603,521	35,397,349	4,078,449	33,867,341	73,343,139
Total net position, ending	**$38,251,289**	**$3,810,777**	**$41,344,928**	**$83,406,994**	**$36,777,633**	**$3,930,200**	**$38,895,688**	**$79,603,521**

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

CENTRAL OKLAHOMA TRANSPORTATION AND PARKING AUTHORITY

	2017				2016			
	Division			Total	Division			Total
	Transportation	River Cruises	Parking	Authority	Transportation	River Cruises	Parking	Authority
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from customers	$3,217,791	$141,757	$8,608,215	$11,967,763	$3,381,826	$116,082	$8,580,982	$12,078,890
Cash payments to suppliers for goods and services	(6,841,088)	(950,905)	(3,227,057)	(11,019,050)	(7,252,729)	(923,259)	(2,591,454)	(10,767,442)
Cash payments to employees and professional contractors for services	(14,474,196)	-	(30,000)	(14,504,196)	(14,057,194)	(49,279)	-	(14,106,473)
Cash payments for internal services	(2,587,574)	(2)	(427,961)	(3,015,537)	(2,657,419)	-	(209,449)	(2,866,868)
Cash payments within the Department/Authority for operations	51,572	45,349	(96,921)	-	5,473	24,527	(30,000)	-
Cost reimbursements	(2,414,718)	-	(400,000)	(2,814,718)	(2,273,558)	-	(394,001)	(2,667,559)
Other operating cash receipts	19,301	39,790	-	59,091	282,189	5,875	-	288,064
Net cash provided (used) by operating activities	**(23,028,912)**	**(724,011)**	**4,426,276**	**(19,326,647)**	**(22,571,412)**	**(826,054)**	**5,356,078**	**(18,041,388)**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES								
Cash received from operating grants	9,086,365	-	-	9,086,365	10,016,654	-	-	10,016,654
Non-capital financing payments from component units	-	25,000	-	25,000	-	25,000	-	25,000
Non-capital financing payments from City of Oklahoma City	13,853,275	725,566	49,500	14,628,341	16,368,834	725,566	189,000	17,283,400
Net cash provided (used) by non-capital financing activities	**22,939,640**	**750,566**	**49,500**	**23,739,706**	**26,385,488**	**750,566**	**189,000**	**27,325,054**
CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES								
Payments for acquisition and construction of capital assets	(4,592,503)	-	(412,063)	(5,004,566)	(1,557,545)	-	(3,349,748)	(4,907,293)
Principal paid on long-term debt	-	-	(615,000)	(615,000)	-	-	(610,000)	(610,000)
Interest paid on long-term debt	-	-	(857,761)	(857,761)	-	-	(864,160)	(864,160)
Capital financing payments from component units	-	-	-	-	10,319	-	1,112,000	1,122,319
Capital financing payments from City of Oklahoma City	57,982	-	-	57,982	984,420	90,000	-	1,074,420
Capital financing payments to City of Oklahoma City	-	-	-	-	(35,996)	-	6,808	(29,188)
Capital grants and contributions received	2,007,128	-	-	2,007,128	298,463	-	-	298,463
Net cash provided (used) by capital and related financing activities	**(2,527,393)**	**-**	**(1,884,824)**	**(4,412,217)**	**(300,339)**	**90,000**	**(3,705,100)**	**(3,915,439)**
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of investments	(15,939,352)	-	(37,562,921)	(53,502,273)	(23,442,004)	-	(27,032,416)	(50,474,420)
Proceeds from sale of investments	17,443,958	-	35,573,273	53,017,231	15,987,126	-	24,305,751	40,292,877
Investment income received	62,345	50	48,287	110,682	21,248	49	19,598	40,895
Receipts from oil and gas royalties	500	-	-	500	-	-	-	-
Net cash provided (used) by investing activities	**1,567,451**	**50**	**(1,941,361)**	**(373,860)**	**(7,433,630)**	**49**	**(2,707,067)**	**(10,140,648)**
Net increase (decrease) in cash	**(1,049,214)**	**26,605**	**649,591**	**(373,018)**	**(3,919,893)**	**14,561**	**(867,089)**	**(4,772,421)**
Cash, beginning	2,209,371	317,091	2,468,753	4,995,215	6,129,264	302,530	3,335,842	9,767,636
Cash, ending	**$1,160,157**	**$343,696**	**$3,118,344**	**$4,622,197**	**$2,209,371**	**$317,091**	**$2,468,753**	**$4,995,215**

	2017				2016			
	Division			Total	Division			Total
	Transportation	River Cruises	Parking	Authority	Transportation	River Cruises	Parking	Authority
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES								
Operating income (loss)	($24,847,491)	($1,151,142)	$2,779,230	($23,219,403)	($25,056,910)	($1,155,365)	$3,553,310	($22,658,965)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES								
Depreciation	2,766,736	275,966	1,574,463	4,617,165	2,460,556	275,967	1,498,580	4,235,103
Other revenue (expense)	(124,537)	147,841	-	23,304	289,527	30,401	21,063	340,991
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable	(34,113)	-	80,991	46,878	(8,272)	-	70,138	61,866
(Increase) decrease in due from other funds	165,364	(102,493)	(62,871)	-	(10,090)	9,044	1,046	-
(Increase) decrease in receivable from City of Oklahoma City	(322,502)	-	-	(322,502)	-	-	(49,749)	(49,749)
(Increase) decrease in inventories	96,443	31	249	96,723	(163,268)	1,247	-	(162,021)
(Increase) decrease in prepaid assets	(271)	-	1	(270)	(14,952)	-	(1)	(14,953)
(Increase) decrease in other assets	4,283	-	-	4,283	-	-	-	-
(Increase) decrease in deferred outflows	(277,348)	-	-	(277,348)	(744,860)	-	-	(744,860)
Increase (decrease) in accounts payable and accrued expenses	15,285	10,590	(10,867)	15,008	237,687	3,375	209,939	451,001
Increase (decrease) in wages and benefits payable	(513,733)	-	-	(513,733)	346,226	-	-	346,226
Increase (decrease) in payable to component unit	-	(25)	-	(25)	-	25	-	25
Increase (decrease) in payable to City of Oklahoma City	(132,622)	90,605	(64,405)	(106,422)	16,889	404	42,358	59,651
Increase (decrease) in compensated absences	(41,761)	-	-	(41,761)	(186,733)	-	-	(186,733)
Increase (decrease) in net pension liability	(866,127)	-	-	(866,127)	329,023	-	-	329,023
Increase (decrease) in net other post-employment benefit obligation	(201,649)	-	-	(201,649)	85,513	-	-	85,513
Increase (decrease) in unearned revenue	-	4,616	129,485	134,101	-	8,848	9,394	18,242
Increase (decrease) in deferred inflows	1,285,131	-	-	1,285,131	(151,748)	-	-	(151,748)
Total adjustments	1,818,579	427,131	1,647,046	3,892,756	2,485,498	329,311	1,802,768	4,617,577
Net cash provided (used) by operating activities	**($23,028,912)**	**($724,011)**	**$4,426,276**	**($19,326,647)**	**($22,571,412)**	**($826,054)**	**$5,356,078**	**($18,041,388)**
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES								
Net increase (decrease) in fair value of investments	$860	$ -	$3,485	$4,345	$ -	$ -	$9,630	$9,630
Transfers of assets from (to) other funds	-	-	-	-	-	-	978,000	978,000
Total non-cash investing, capital, and financing activities	**$860**	**$ -**	**$3,485**	**$4,345**	**$ -**	**$ -**	**$987,630**	**$987,630**

See accompanying notes to financial statements.

	2017	2016
ASSETS		
RECEIVABLES		
Interest and dividends	$7,351	$6,338
Employer	30,445	26,734
Plan members	24,007	20,591
Total receivables	61,803	53,663
INVESTMENTS, AT FAIR VALUE		
Domestic common stock	4,818,659	4,463,290
Passive domestic stock funds	1,797,679	1,755,263
Passive bond fund	2,913,967	2,833,603
International stock	2,076,491	1,584,396
Treasury money market fund	624,713	655,758
Real estate	193,589	223,832
Total investments	12,425,098	11,516,142
Total assets	**$12,486,901**	**$11,569,805**
Restricted for pension benefits	**$12,486,901**	**$11,569,805**

See accompanying notes to financial statements.

	2017	2016
ADDITIONS		
CONTRIBUTIONS		
Employer	$554,876	$957,932
Plan members	411,951	404,526
Total contributions	966,827	1,362,458
INVESTMENT INCOME		
Net appreciation (depreciation) in fair value of investments	1,105,214	(384,916)
Interest	3,198	7,380
Dividends	191,381	188,186
	1,299,793	(189,350)
Less: investment expense	(48,152)	(35,193)
Net investment income	1,251,641	(224,543)
Other	-	100
Total additions	**2,218,468**	**1,138,015**
DEDUCTIONS		
Benefits paid	982,713	851,265
Refunds of contributions	243,619	191,422
Administrative expenses	75,040	88,105
Total deductions	**1,301,372**	**1,130,792**
Increase in net position	**917,096**	**7,223**
NET POSITION RESTRICTED FOR PENSION		
Beginning of year	11,569,805	11,562,582
End of year	**$12,486,901**	**$11,569,805**

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 Central Oklahoma Transportation and Parking Authority (Authority) financial activities for the fiscal years ended 2017 and 2016. Reclassifications have been made to the 2016 financial statements to conform to the 2017 presentation for a change in reporting cost reimbursements with the City of Oklahoma City (City).

I. B. BASIS OF PRESENTATION

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

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.

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

The Authority is a component unit of the City because the City appoints all (voting majority) of the Board of Trustees (Board) and the Authority is fiscally dependent on the City with subsidies for transportation and an agreement of support for revenue bonds. The Authority is discretely presented because the majority of the Board is not the same as the voting majority of the City Council.

The Authority is included in the City's financial reporting entity as a discrete component unit, 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 Parties

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.

Oklahoma City Post-Employment Benefit Trust (OCPEBT)
OCPEBT provides post-retirement health benefits for Authority retirees.

I. B. 2. BASIC FINANCIAL STATEMENTS

Financial statements are provided for proprietary and fiduciary funds. All funds are considered major.

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, including Spokies bike share and streetcar operations.

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 Cruises (Ferry Service) consisting of the operation of ferry boats on the Oklahoma River.

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. Costs and revenues associated with parking meters are reported in the City General Fund.

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.

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

Generally Accepted Accounting Principles (U.S. GAAP)

The financial statements of the Authority 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 Authority 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 Authority 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.

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

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 fiduciary net position. Changes in plan net position 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

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 division 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.

Basis of Budgeting

Revenues are budgeted by source. Expenses are budgeted by division 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 division 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, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY

I. D. 1. CASH AND INVESTMENTS

Implementation of New Accounting Standard

Effective July 1, 2015, the Authority implemented GASB statement number 72, Fair Value Measurement and Application. This statement is designed to enhance comparability of financial statements among governments by requiring consistent definitions of fair value and accepted valuation techniques in the measurement of fair value. It also provides additional disclosure to provide information about the impact of fair value measurements on financial position.

The Authority’s governing Board formally adopted the City’s updated deposit and investment policy for unrestricted accounts in July 2012, in addition to policies specified in the Authority bond indenture applicable to the 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.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

Accounting guidance establishes a consistent framework for measuring fair value and establishes a fair value hierarchy based on the observability of inputs used to measure fair value. These different levels of valuation hierarchy are described as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable.

Level 3 - Significant unobservable prices or inputs.

An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

I. D. 2. INVENTORIES AND PREPAIDS

Inventories are recorded at a weighted average. Inventories are primarily fuel, vehicle parts and supplies. Prepaids are payments to vendors that benefit future reporting periods and are reported on the consumption basis. Noncurrent prepaids benefit periods beyond the following 12 month period. Payments to vendors that are less than $500 are considered *di minimus* and are reported with expenses in the year of payment.

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 internal balances.

Activity between the Authority and funds of the City or its component units are described as payable/receivable to (from) City of Oklahoma City or component units.

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 Authority 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. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In addition to assets and liabilities, the statement of financial position may report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period which will not be recognized as an inflow of resources until that time.

I. D. 9. LONG-TERM DEBT, BOND DISCOUNT OR PREMIUM, AND DEFERRED AMOUNTS FROM REFUNDING

Outstanding debt is reported as liabilities. 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. Bond discounts and premiums are reported with bonds payable and deferred amounts from refunding are reported as deferred outflows in the statement of net position.

I. D. 10. 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. 11. RISK MANAGEMENT

The Authority is self-insured for liability related to accidents involving their transportation equipment up to $75,000 per incident. The Authority pays premiums for commercial insurance for employee short-term disability and life, unemployment, employee felonious assault, and retiree health benefits. The Authority's property and liability is administered through the City's Risk Management Fund and the Oklahoma City Municipal Facilities Authority (OCMFA) which accounts for the risk financing activities and assumes the risk of loss.

I. D. 12. 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. 13. FUND EQUITY

Net Position

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

Net Investment in Capital Assets
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 position.

Restricted Net Position
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 position restricted for capital projects include unspent debt proceeds legally restricted for capital outlays. Restricted net position 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 Authority 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 Authority 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 Authority to cover any costs incurred. The Authority does not record the effect of holding the certificates of deposit.

II. ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

II. A. 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 provided by commercially available bank rating services or on 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 by the City Treasurer of the institution's financial strength in accordance with the investment policy.

At June 30, 2017, 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.

2017

	Cost	Fair Value/ Carrying Amount	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Measured at NAV (1)	Average Credit Quality/ Ratings (2)	Weighted Average/ Effective Duration (months) (3)
Authority								
Money market (4)(5)	$1,139,437	$1,139,437	$1,139,437	$ -	$ -	$ -	AAA/Aaa	1.27
U.S. treasury bill	26,287,489	26,326,062	-	26,326,060	-	-	N/A	3.40
Total authority investments	**$27,426,926**	**$27,465,499**	**$1,139,437**	**$26,326,060**	**$ -**	**$ -**		
COTPA Retirement								
Mutual funds (6)								
Equity	$7,367,834	$8,692,829	$8,692,829	$ -	$ -	$ -	N/A	N/A
Bond	2,945,718	2,913,967	2,913,967	-	-	-	BBB	67.74
Real estate investment trust	203,257	193,589	193,589	-	-	-	N/A	N/A
Money market (4)(5)	624,713	624,713	624,713	-	-	-	AAA	0.57
Total fiduciary investments	**$11,141,522**	**$12,425,098**	**$12,425,098**	**$ -**	**$ -**	**$ -**		

2016

	Cost	Fair Value/ Carrying Amount	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Measured at NAV (1)	Average Credit Quality/ Ratings (2)	Weighted Average/ Effective Duration (months) (3)
Authority								
Money market (4)(5)	$1,127,486	$1,127,486	$1,127,486	$ -	$ -	$ -	AAA/Aaa	0.77
U.S. treasury notes	2,399,563	2,400,928	-	2,400,928	-	-	N/A	6.77
U.S. treasury bill	23,414,834	23,447,698	-	23,447,698	-	-	N/A	7.20
Total authority investments	**$26,941,883**	**$26,976,112**	**$1,127,486**	**$25,848,626**	**$ -**	**$ -**		

(continued)

Investments (continued)

	2016							
	Cost	Fair Value/ Carrying Amount	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Measured at NAV (1)	Average Credit Quality/ Ratings (2)	Weighted Average/ Effective Duration (months) (3)
COTPA Retirement								
Mutual funds (6)								
Equity	$7,532,170	$7,802,949	$7,802,949	$ -	$ -	$ -	N/A	N/A
Bond	2,791,630	2,833,603	2,833,603	-	-	-	BBB	62.80
Real estate investment trust	211,086	223,832	223,832	-	-	-	N/A	N/A
Money market (4)(5)	655,758	655,758	655,758	-	-	-	AAA	0.27
Total fiduciary investments	**$11,190,644**	**$11,516,142**	**$11,516,142**	**$ -**	**$ -**	**$ -**		

(1) The net asset value (NAV) is a practical expedient to estimate fair value.

(2) Ratings are provided where applicable to indicate associated credit risk.

(3) Interest rate risk is estimated using weighted average months to maturity.

(4) Cost approximates fair value.

(5) Consists solely of U.S. Treasury securities.

(6) Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. COTPA Retirement has $2,076,491 and $1,584,396 invested in international mutual funds at June 30, 2017 and 2016, respectively.

Fair Value Measurement

The following is a description of the valuation methodologies used for assets measured at fair value in the tables above. There have been no changes in the methodologies used at June 30, 2017 and 2016.

An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Money market funds are reported at cost which approximates fair value, are traded on active markets at quoted prices, and are valued at level 1.

U.S. treasury bills and U.S. Treasury notes are valued at level 2 using pricing models that maximize the use of observable inputs for similar securities.

Mutual funds are valued at the daily closing price as reported by COTPA Retirement. Mutual funds held by the pension trust are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

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 Department’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 excluding U.S. government securities and those issued by government sponsored enterprises, SLGS, and City judgments. Additionally, no more than 5% of the total Authority portfolio may be placed with any single financial institution excluding U.S. government securities and those issued by government sponsored enterprises, savings, money market funds, SLGS, City judgments, and repurchase agreements.

Portfolio Structure (1)

Investment Type Limitations Percentage of Total Invested Principal	Maximum % (2)
Repurchase agreements	100%
U.S. Treasury securities (3)	100
Certificates of deposit	50
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

Maturity Limitations Percentage of Total Invested Principal	Maximum % (4)
0-1 year	100%
1-3 years	90
3-5 years	90

(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%.

Authority 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.

Bond 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 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 an investment policy 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. The Investment Policy provides for the hiring of Financial Consultant(s) and Investment Manager(s) to implement the investment of assets in accordance with 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 held either in individual investments or through a mutual fund with the exception of the U.S. government. Policy further prohibits investment of more than 20% in any one market sector and limits common stock purchases to those issues on which the investment manager maintains current opinions. Fixed income securities must be considered "Investment Grade" by at least one of the major rating agencies at the time of purchase. Cash Equivalents can include treasury bills, money market mutual funds, repurchase agreements, certificates of deposits or FDIC insured deposits. Alternative Investments shall be restricted to mutual funds and/or ETF’s with daily liquidity.

<u>Asset allocation guidelines</u>

	Minimum	Target	Maximum	2017 Actual	2016 Actual
Domestic equities	40%	55%	70%	42%	46%
International	10	15	20	17	14
Alternatives	0	15	25	10	10
Fixed income	10	25	40	31	30

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

Percent of total Fund Invested in Special Cash Reserve Fund	Discount Rate Levels
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. Authority policy provides that investment collateral is held by a third party custodian with whom the Authority has a current custodial agreement in the Authority’s name or be held in the name of both parties by the Federal Reserve Bank servicing Oklahoma.

COTPA Retirement held $8,692,829 and $7,802,949 in common stock or stock funds at June 30, 2017 and 2016, respectively. These are held by the investment counterparty, not in the name of COTPA Retirement or the Authority.

Compliance with State Requirements

Authority 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 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 Authority's portfolio as a whole and as a part of the overall investment strategy having risk and return objectives reasonably suited to the Authority.

Restricted Deposits and Investments

	2017	2016
Bond principal and interest accounts	$1,052,002	$1,045,775
Bond reserve account	1,482,198	1,482,553
	$2,534,200	**$2,528,328**

II. B. ACCOUNTS RECEIVABLE AND UNCOLLECTIBLE AMOUNTS

Receivables include monthly parking agreements, retail leases, and charter services. These receivables are due in less than one year. The allowance amount is estimated using accounts receivable past due more than 90 days.

	2017		
	Transportation	Parking	Total
Accounts receivable	$139,972	$116,566	$256,538
Less: Allowance for uncollectible accounts	(600)	(69,494)	(70,094)
Net accounts receivable	**$139,372**	**$47,072**	**$186,444**
Affect on revenues for change in uncollectibles	**$1,399**	**$56,631**	**$58,030**

	2016		
	Transportation	Parking	Total
Accounts receivable	$95,822	$254,187	$350,009
Less: Allowance for uncollectible accounts	(1,999)	(126,125)	(128,124)
Net accounts receivable	**$93,823**	**$128,062**	**$221,885**
Affect on revenues for change in uncollectibles	**$284,280**	**($120,619)**	**$163,661**

II. C. INTERGOVERNMENTAL RECEIVABLE

Total intergovernmental receivables of $679,603 in 2017 and $970,775 in 2016 was due from the Federal government for grants.

II. D. INVENTORIES

	2017	2016
Diesel fuel, gasoline and oil	$40,597	$63,064
Vehicle parts and supplies	857,530	931,536
	$898,127	**$994,600**

II. E. PREPAIDS

	2017	2016
Memberships and dues	$5,497	$6,507
Software licenses and support	49,101	27,975
Insurance	6,977	5,115
Other	4,961	26,670
	$66,536	**$66,267**

II. F. OTHER ASSETS

	2017	2016
Insurance security deposit	$65,000	$65,000
Flexible compensation plan escrow	-	4,283
	$65,000	**$69,283**

II. G. CAPITAL ASSETS

Changes in Capital Assets

2017

	Land and Art	Construction In Progress	Total Non-depreciable
CAPITAL ASSETS, NOT DEPRECIATED			
Balance, June 30, 2016	$5,850,022	$832,318	$6,682,340
Increases	-	901,280	901,280
Decreases	-	(6,432)	(6,432)
Transfers	-	(219,951)	(219,951)
Total capital assets, not depreciated	**$5,850,022**	**$1,507,215**	**7,357,237**

	Buildings	Improvements Other Than Buildings	Buses, Automobiles, and Boats	Parking Garages and Surface Lots	Other Furniture, Machinery, and Equipment	Total Depreciable
CAPITAL ASSETS, DEPRECIATED						
Balance, June 30, 2016	$15,906,479	$13,807,084	$21,937,424	$55,220,611	$9,598,218	$116,469,816
Increases	-	352,971	3,176,098	-	357,267	3,886,336
Decreases	-	(115,152)	(2,023,247)	-	(392,750)	(2,531,149)
Transfers	(348,546)	545,021	-	23,476	-	219,951
Balance, June 30, 2017	15,557,933	14,589,924	23,090,275	55,244,087	9,562,735	118,044,954
ACCUMULATED DEPRECIATION						
Balance, June 30, 2016	5,450,528	5,880,278	12,998,949	15,895,093	5,794,592	46,019,440
Increases	392,024	757,122	1,773,406	1,059,064	635,549	4,617,165
Decreases	-	(68,034)	(2,013,736)	(6,432)	(392,750)	(2,480,952)
Balance, June 30, 2017	5,842,552	6,569,366	12,758,619	16,947,725	6,037,391	48,155,653
Total capital assets, depreciated	**$9,715,381**	**$8,020,558**	**$10,331,656**	**$38,296,362**	**$3,525,344**	**69,889,301**
Total capital assets, net						**$77,246,538**

(continued)

Capital Assets (continued)

2016

CAPITAL ASSETS, NOT DEPRECIATED	Land and Art	Construction In Progress	Total Non-depreciable
Balance, June 30, 2015	$4,955,522	$2,198,017	$7,153,539
Increases	978,000	2,697,714	3,675,714
Transfers	(83,500)	(4,063,413)	(4,146,913)
Total capital assets, not depreciated	**$5,850,022**	**$832,318**	**6,682,340**

	Buildings	Improvements Other Than Buildings	Buses, Automobiles, and Boats	Parking Garages and Surface Lots	Other Furniture, Machinery, and Equipment	Total Depreciable
CAPITAL ASSETS, DEPRECIATED						
Balance, June 30, 2015	$15,557,933	$13,320,442	$21,131,489	$53,067,312	$8,038,893	$111,116,069
Increases	-	176,455	805,935	-	224,444	1,206,834
Transfers	348,546	310,187	-	2,153,299	1,334,881	4,146,913
Balance, June 30, 2016	15,906,479	13,807,084	21,937,424	55,220,611	9,598,218	116,469,816
ACCUMULATED DEPRECIATION						
Balance, June 30, 2015	5,056,419	5,249,315	11,662,681	14,905,738	4,910,184	41,784,337
Increases	394,109	630,963	1,336,268	989,355	884,408	4,235,103
Balance, June 30, 2016	5,450,528	5,880,278	12,998,949	15,895,093	5,794,592	46,019,440
Total capital assets, depreciated	**$10,455,951**	**$7,926,806**	**$8,938,475**	**$39,325,518**	**$3,803,626**	**70,450,376**
Total capital assets, net						**$77,132,716**

Depreciation Expense

	2017	2016
Transportation	$2,766,736	$2,460,556
River Cruises	275,966	275,967
Parking	1,574,463	1,498,580
	$4,617,165	**$4,235,103**

II. H. PENSION DEFERRED OUTFLOWS

Differences are deferred when the pension system's actuarial estimate of the plan's experience costs for a given period differ from the actual experience costs. Deferred outflows that result from plan experience differences are divided by the beginning expected remaining service life of its members and amortized over that period, with the current year amount included in the determination of pension expense. Current year employer contributions are deferred and included in the following year net pension liability calculation. COTPA Retirement reported a deferred outflow of $1,579,685 and $1,302,337 at June 30, 2017 and 2016, respectively.

	2017	2016
Current year contributions - Employer	$548,513	$953,953
Differences between expected and actual pension plan experience	277,861	348,384
Differences between expected and actual investment earnings	753,311	-
	$1,579,685	**$1,302,337**

III. LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

III. A. UNEARNED REVENUE

	2017	2016
CURRENT		
Transportation	$105	$105
River	146,358	141,743
Parking	153,008	23,524
	299,471	165,372
NON-CURRENT (1)		
River	566,995	700,256
	$866,466	**$865,628**

(1) In July and August 2007 the Authority and OCRRA, respectively, entered into an agreement with Devon Energy Corporation (Devon) for $2 million for the exclusive naming rights of three riverboats with an initial term of 15 years (commencing October 1, 2007) for $133, 000 per year. The payment amount was received from Devon by OCRRA in a lump sum and transferred to the Authority to finance needed system acquisitions. Devon unearned revenue at June 30, 2017 and 2016, is $699,995 and $832,995, including $566,995 and 700,256 reported as non-current unearned revenue, respectivly.

III. B. INTERGOVERNMENTAL PAYABLE - ARBITRAGE COMPLIANCE

Proceeds from tax-exempt bonds issued after September 1, 1986, are subject to the 1986 Tax Reform Act. The Authority 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, 2014, if a liability exists. At June 30, 2017 and 2016, there was no rebatable arbitrage liability.

III. C. COMPENSATED ABSENCES

Compensated absences balances changed from 2016 to 2017 by accruals of $346,764 and usages of $388,527 compared to changes in accruals of $245,578 and usages of $432,311 from 2015 to 2016.

III. D. REVENUE BONDS

Bond Issuance

On June 20, 2013, the Authority issued $22,000,000 in Series 2013 Parking Revenue Bonds with an average interest rate (coupon) of 4.5%. The proceeds of $22,000,000 from the bonds, less $264,139 in issuance costs, to finance construction of a new parking garage in downtown Oklahoma City, known as the Arts District Parking Garage.

Parking Revenue Bonds

In 2013 the Authority issued bonds for financing part of the construction of a new parking facility. The bonds are collateralized principally by the net revenues of the parking system and revenues pledged by the City under an agreement of support (City Agreement).

The Series 2013 Parking Revenue Bonds mature on July 1, 2014, through July 1, 2038. Interest payments are payable on January 1 and July 1 beginning January 1, 2014. The bonds are subject to optional redemption on or after July 1, 2023. Bonds outstanding at June 30, 2017 and 2016, are $20,195,000 and $20,810,000, respectively.

Bonded Debt Service Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2018	$625,000	$848,722	$1,473,722
2019	635,000	837,281	1,472,281
2020	650,000	823,221	1,473,221
2021	665,000	806,339	1,471,339
2022	680,000	787,203	1,467,203
2023-2027	3,755,000	3,563,113	7,318,113
2028-2032	4,615,000	2,674,619	7,289,619
2033-2037	5,820,000	1,431,022	7,251,022
2038-2039	2,750,000	138,386	2,888,386
	$20,195,000	**$11,909,906**	**$32,104,906**

Revenue Bonds Outstanding

	Amount Issued	Interest Rate %	Issue Date	Principal Maturity Date	**2017** Principal Balance	**2016** Principal Balance
Series 2013 Parking Revenue Bonds	$22,000,000	0.71-4.97	6/20/2013	7/1/2038	$20,195,000	$20,810,000

Bond Defeasance

Prior Years Defeasance

In prior years, certain outstanding bonds were defeased by placing proceeds of new bonds in an irrevocable trust or escrow account to provide for all future debt service payments on the old bonds. This resulted in a transfer of liability to the irrevocable trust or escrow account trustee. Accordingly, the trust or escrow accounts and the defeased bonds are not included in the financial statements.

Related to the sale of the City Center West Parking Garage to Devon Energy Corporation on October 1, 2009, was the vacation and subsequent demolition of the Scissor Parking Facility which resulted in a partial defeasement of the Series 2006 Parking Revenue Bonds in the amount of $6,895,000 at a cost of $7,637,097. The Authority defeased the Series 2006 Parking Revenue Bonds with $1,057,210 of the net proceeds from the sales of garages, bond fund reserves of $219,887, a payment from the Oklahoma City Economic Development Trust (OCEDT) of $4,360,000, and a contribution from OCURA of $2,000,000.

In addition, $179,356 of the net sales proceeds were used to pay fees and costs relating to the bond defeasance. Excess proceeds of $23,625 were transferred to operations of the Parking Authority.

In addition to the payment received from OCEDT to help fund the defeasement of the Series 2006 Parking Revenue Bonds, the Authority also received $3,865,550 from OCEDT for reimbursement of the total capital outlay expended to make the parking garages ready for sale.

On January 11, 2012, the Broadway Kerr Parking Garage was sold to Sandridge Realty, LLC, 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 Parking Revenue 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 were used to retire $9,144,150 of bond principal and interest payments. On March 1, 2012, $8,675,000 in principal was called on the bonds and the remaining $385,000 outstanding was paid on July 1, 2012.

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 were returned to the Authority after the last payment for the Series 2006 Parking Revenue Bonds was fully paid on July 1, 2012.

Outstanding Defeased Bonds

		Outstanding Balance	
	Defeased Balance	**2017**	**2016**
Series 2006 Parking Revenue Refunding Bonds	$6,895,000	$ -	$895,000

(1) Final payment on the Series 2006 Parking Revenue Refunding Bonds was made on July 1, 2016

Bond Coverage

	2017	**2016**
Gross revenue, including non-operating investment income	$8,888,605	$9,883,227
Direct operating expenses, excluding depreciation, and transfers to Parking Enterprise Fund	4,010,914	3,449,559
Net revenue available for debt service	**$4,877,691**	**$6,433,668**
Principal amounts	$625,000	$625,000
Interest amounts	848,722	848,722
Total debt service requirements	**$1,473,722**	**$1,473,722**
Revenue bond coverage	**3.31**	**4.37**

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 the parking system and from amounts that could be received, if needed, from the City under the City Agreement. Per the bond indenture, principal and interest amounts are derived from the highest annual principal and interest amounts outstanding. The required revenue bond coverage is 1.25 of maximum annual bond service for all bonds outstanding.

III. E. 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 $8,105,674 and $8,365,065 in parking revenues in 2017 and 2016, respectively.

III. F. NET PENSION LIABILITY

A net pension liability is reported when a pension plan's total pension liability exceeds the plan's net assets. The Authority's net pension liablity and the total pension liability used to calculate the net pension liability was determined by an actuarial dated July 1, 2015, and July 1, 2014, which was rolled forward to June 30, 2016 and 2015, respectively. Related to COTPA Retirement, the Authority reported a net pension liability of $4,600,125 and $5,466,252 at June 30, 2017 and 2016, respectively.

III. G. CHANGES IN LONG-TERM LIABILITIES

	2017					
	Balance July 1, July 1, 2016	Issued	Retired	Balance June 30, 2017	Due Due Within One Year	Due Due After One Year
COMPENSATED ABSENCES						
Transportation	$444,272	$346,764	$388,527	$402,509	$193,654	$208,855
REVENUE BONDS						
Parking	20,810,000	-	615,000	20,195,000	625,000	19,570,000
NET PENSION LIABILITY						
Transportation	5,466,252	1,573,065	2,439,192	4,600,125	-	4,600,125
NET OPEB OBLIGATION						
Transportation	393,424	170,787	372,436	191,775	-	191,775
Total	**$27,113,948**	**$2,090,616**	**$3,815,155**	**$25,389,409**	**$818,654**	**$24,570,755**

	2016					
	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016	Due Within One Year	Due After One Year
COMPENSATED ABSENCES						
Transportation	$631,005	$245,578	$432,311	$444,272	$211,489	$232,783
REVENUE BONDS						
Parking	21,420,000	-	610,000	20,810,000	615,000	20,195,000
NET PENSION LIABILITY						
Transportation	5,137,229	1,469,083	1,140,060	5,466,252	-	5,466,252
NET OPEB OBLIGATION						
Transportation	307,911	121,491	35,978	393,424	-	393,424
Total	**$27,496,145**	**$1,836,152**	**$2,218,349**	**$27,113,948**	**$826,489**	**$26,287,459**

III. H. GUARANTEED DEBT

The City has executed an agreement of support which guarantees the City will fund debt service and bond reserve requirements for the Authority Series 2013 Parking Revenue Bonds. Under Oklahoma law, the City may only be obligated to transfer up to the end of its fiscal year (June 30) and has no legal obligation or promise to transfer beyond its fiscal year. The debt instruments recognize the limitations set by state law and the City's moral obligation to renew the guarantees. The debt instruments require the City to renew the guarantees annually. The City did not and was not required to fund debt service for the Authority in 2017 or any preceding year in which the debt was outstanding.

Maximum of Bond Reserve or Bond Debt Service Requirements	Total Amount Guaranteed (1)	Total Amount Outstanding
Series 2013 Parking Revenue Bonds	**$1,473,722**	**$20,195,000**

(1) The amount guaranteed is only the amount of debt service due on or before June 30, 2018, and covered under the guarantee effective July 1, 2017. It is anticipated that the guarantees will be renewed annually.

III. I. PENSION DEFERRED INFLOWS

Differences are deferred when the pension system's actuarial estimate of the plan's experience costs for a given period differ from the actual experience costs. Deferred inflows that result from plan experience differences are divided by the beginning expected remaining service life of its members and amortized over that period, with the current year amount included in the determination of pension expense. Differences are also calculated and recorded as deferred inflows when actual investment earnings exceed estimated investment earnings. This amount is amortized over a fixed 5 year period for each unique fiscal year.

	2017	**2016**
Differences between expected and actual pension plan experience	$203,771	$ -
Differences between projected and actual investment earnings on plan investments	-	129,585
Change in assumptions	1,706,390	495,445
	$1,910,161	**$625,030**

IV. NET POSITION

Net Investment in Capital Assets

	2017	**2016**
Capital assets, net	$77,246,538	$77,132,716
Retainages and capital related accounts payable	(29,051)	(502,680)
Bonds payable, net	(20,195,000)	(20,810,000)
Bond issuance costs paid with bond proceeds	264,139	264,139
	$57,286,626	**$56,084,175**

Restricted for Debt Service

	2017	2016
Bond principal and interest accounts	$1,052,001	$1,045,775
Bond reserve	1,482,198	1,482,553
Interest receivable on debt service accounts	339	-
Current bond interest payable	(427,002)	(430,775)
	$2,107,536	**$2,097,553**

Unrestricted

	2017	2016
Unrestricted	**$24,012,832**	**$21,421,793**

V. REVENUES AND EXPENSES

V. A. LEASE REVENUES

The Parking Fund leases retail space at the Santa Fe and Arts District Parking Garages to various establishments. Most of these leases are at least two years with multi-year renewal options. At June 30, 2017, 23,511 square feet of garage retail space was leased. In addition, the Transportation Fund leased out approximately 4,000 square feet of retail space at the Santa Fe Depot.

Minimum Rentals on Non-Cancelable Leases

2018	$222,898
2019	184,227
2020	166,957
2021	168,103
2022	151,234
2023 - 2027	456,935
	$1,350,354
Rental income	**$276,874**

V. B. PENSION EXPENSE

Deferred Outflows and Deferred Inflows of Resources to be Recognized in Future Pension Expense

2017		2016	
2017	$182,712	2016	$110,716
2018	182,710	2017	110,716
2019	(11,485)	2018	110,714
2020	99,979	2019	(83,481)
2021	272,484	2020	27,981
Thereafter	152,589	Thereafter	-
	$878,989		**$276,646**

VI. INTERFUND TRANSACTIONS

VI. A. INTERFUND BALANCES

Internal Balances

Internal balances consist of reimbursements from the Parking Fund to the Transportation Fund for payroll costs, and grant receivables in the River Cruises Fund from the Transportation Fund in both 2017 and 2016.

	2017				2016			
	Transportation	River Cruises	Parking	Total	Transportation	River Cruises	Parking	Total
Transportation Fund	$ -	$107,022	$32,871	$139,893	$ -	$4,530	($30,000)	($25,470)
River Cruises Fund	(107,022)	-	-	(107,022)	(4,530)	-	-	(4,530)
Parking Fund	(32,871)	-	-	(32,871)	30,000	-	-	30,000
	($139,893)	**$107,022**	**$32,871**	**$ -**	**$25,470**	**$4,530**	**($30,000)**	**$ -**

Receivable from / Payable to the City

	2017			
	Purpose	Transportation	River Cruises	Parking
RECEIVABLE FROM				
City General Fund	Operating subsidy	$1,302,830	$ -	$214,750
City Municipal Facilities Authority Services fund	Prefunded radio system	322,502	-	-
City Grant Management Fund	Grant match	13,277	-	-
		$1,638,609	**$ -**	**$214,750**

(continued)

Receivable from / Payable to the City (continued)

	Purpose	Transportation	River Cruises	Parking
PAYABLE TO				
City General Fund	Administrative charges	$125,028	$965	$3,397
City Transportation Fund	Payroll reimbursement	-	50,251	-
City Transportation Fund	Cost reimbursement	399,058	-	-
City Parking Fund	Cost reimbursement	-	-	52,980
City Print Shop Fund	Postage and copy services	2,567	2	30
City Fleet Services Fund	Fuel chargeback	8,157	-	-
City Stormwater Drainage Fund	Administrative charges	-	-	13
City MAPS Operations Fund	Boat repair advance	-	39,790	-
City MAPS3 Sales Tax Fund	Streetcar operations planning	43,751	-	-
City Municipal Facilities Authority Services fund	Cell services	5,506	-	-
Oklahoma City Public Property Authority General Purpose Fund	Thunder parking lease	.	-	9,426
City Grant Management Fund	Grant match	12,516	-	-
		$596,583	$91,008	$65,846

	2016			
	Purpose	Transportation	River Cruises	Parking
RECEIVABLE FROM				
City General Fund	Event parking	$ -	$ -	$49,500
City Parking Fund	Supplies	-	-	249
		$ -	$ -	$49,749
PAYABLE TO				
City General Fund	Administrative chargebacks	$127,250	$404	$56,534
City Transportation Fund	Cost reimbursement	527,844	-	-
City Parking Fund	Cost reimbursement	-	-	74,651
City Print Shop Fund	Postage and copy services	4,484	-	395
City Fleet Services Fund	Fuel chargebacks	7,133	-	-
City Capital Improvement Fund	Spokies advance	154,822	-	-
City Municipal Facilities Authority Services fund	Cell services	6,225	-	200
City Grant Management Fund	Expense reimbursements	12,516	-	-
		$840,274	$404	$131,780

Cost Reimbursement Payable to (Receivable From) the City Transportation and Parking Funds

City employees perform all administrative and management services for the Authority. Reimbursements for the costs of these services are included in the Authority's expenses. The advance represents the unfunded non-current liabilities of the City Transportation and City Parking Funds.

	Transportation		Parking	
	2017	**2016**	**2017**	**2016**
Beginning balance	$527,844	$604,748	$74,651	$35,593
Personal services	2,319,424	1,976,331	213,166	324,844
Other services	(29,488)	373,588	166,692	101,635
Material and supplies	-	-	-	31,466
Interest income	(4,004)	(1,868)	(1,529)	(1,563)
Other non operating revenue	-	(151,397)	-	(23,323)
Reimbursement to the City	(2,414,718)	(2,273,558)	(400,000)	(394,001)
	$399,058	**$527,844**	**$52,980**	**$74,651**

The assets, deferred outflows, liabilities, and deferred inflows of the City Transportation and Parking Funds represent assets and deferred outflows that may be used to reduce Authority reimbursement requirements and the liabilities and deferred inflows represent current and future liabilities that the Authority will be required to fund.

	City Transportation Fund		City Parking Fund	
	2017	**2016**	**2017**	**2016**
ASSETS AND DEFERRED OUTFLOWS				
Pooled cash	$9,494	$8,196	$1,268	$3,531
Investments	216,302	155,351	35,578	69,264
Interest receivable	644	535	106	239
Inventories	-	-	6,440	6,210
Receivable from the City	-	-	7,883	-
Receivable from Component Unit	50,251	-	-	-
Net pension assets	-	412,351	-	89,030
Deferred outflows of resources	550,897	65,218	125,204	14,081
Total assets and deferred outflows	827,588	641,651	176,479	182,355
LIABILITIES AND DEFERRED INFLOWS				
Accounts payable and accrued expenses	-	-	6,885	13,303
Wages and benefits payable	98,217	78,693	18,926	12,200
Payable to the City	-	-	120	47,227
Payable to Component Unit	-	-	-	249
Compensated absences	388,663	358,249	49,650	43,596
Net OPEB obligation	548,176	561,241	110,335	103,443
Net pension liability	12,905	-	2,933	-
Deferred inflows of resources	178,685	171,312	40,610	36,988
Total liabilities and deferred inflows	1,226,646	1,169,495	229,459	257,006
Cost reimbursement payable to (receivable from) the City	**$399,058**	**$527,844**	**$52,980**	**$74,651**

VI. B. INTERFUND PAYMENTS/TRANSFERS

Transfers

Transfers within the Authority consist of the transfer of grant revenue funds from the Transportation Fund to the River Cruises Fund and a reimbursement for payroll costs from the Parking Fund to the Transportation Fund.

	2017			2016		
	Transportation	River Cruises	Parking	Transportation	River Cruises	Parking
Transportation	$ -	$147,841	$ -	$ -	$24,527	($30,000)
River Cruises	(147,841)	-	-	(24,527)	-	-
Parking	-	-	-	30,000	-	-
	($147,841)	**$147,841**	**$ -**	**$5,473**	**$24,527**	**($30,000)**

Payments From/To the City and Component Units

	2017			
	Purpose	Transportation	River Cruises	Parking
FROM				
City General Fund	Operating subsidy	$15,125,631	$725,566	$214,750
OCRRA	Marketing costs subsidy	-	25,000	-
		$15,125,631	**$750,566**	**$214,750**

	2016			
	Purpose	Transportation	River Cruises	Parking
FROM				
City General Fund	Operating subsidy	$16,332,835	$725,566	$238,500
OCRRA	Marketing costs subsidy	-	25,000	-
OCEDT	Parking garage refurbishments	-	-	1,112,000
		$16,332,835	**$750,566**	**$1,350,500**

VI. C. OTHER INTERFUND TRANSACTIONS

Administrative Chargebacks

City employees external to the Authority perform some administrative functions which are reimbursed through administrative chargebacks recorded with the operating expenses of the Authority. In fiscal year 2017 and 2016, the Authority paid $2,695,419 and $2,871,396, respectively, for these services. The payments are reported with operating expenses.

VII. DEFINED BENEFIT SINGLE EMPLOYER PENSION PLANS

Employees of the Authority participate in COTPA Retirement, a defined benefit public employee retirement system.

VII. A. 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 for both the July 1, 2016 and 2015, valuation dates rolled forward to June 30, 2017 and 2016, respectively. The information presented in this note as of June 30, 2017 and 2016 will be reported in the financial statements of the Authority as of June 30, 2018 and 2017, respectively.

Management of the COTPA Retirement is vested in the Pension Committee, which consists of eight members - five by position and three appointed by Authority Director or Trustees. Actuarial valuations are performed annually.

The required supplementary information immediately following the notes to the financial statements presents certain ten-year trend information for as many years for which information measured in conformity with the requirements of GASB 68 is available. A copy of the actuarial report referred to in this note may be obtained from the City Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

Funding Policies, Contribution Methods and Benefit Provisions

Year established and governing authority	1970	
Determination of contribution requirements	Contracted pursuant to union negotiations	
	2017	**2016**
Employer	55.04 per week	55.04 per week
Plan members	44.13 per week	44.13 per week
Funding of administrative costs	Investment Earnings	
Period required to vest	10 years	
Cost of living increases	Increases must be approved	
Eligibility for distribution	Earlier of age 65 with 10 years or age 60 with 30 years of service; age 62 with 10 years on a reduced basis	

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 at age 60 with 30 years of full time employment are entitled to receive monthly pension benefits equal to the sum of $57.00 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

	2017	**2016**
Active employees - nonvested	123	53
Active employees - vested	61	131
Retirees and beneficiaries currently receiving benefits	80	67
Terminated plan members entitled to but not yet receiving benefits	5	4
	269	**255**

Actuarial Assumptions

	2017	2016
Valuation date	7/1/16	7/1/15
Provisions for:		
Disability benefits	Yes	Yes
Death benefits	Yes	Yes
Actuarial cost method	Individual entry age normal	Individual entry age normal
Amortization method	Level % of payroll	Level % of payroll
Amortization period	30 years, closed	30 years, open
Actuarial asset valuation method	5-year smoothed market	5-year smoothed market
Actuarial Assumptions		
Investment rate of return	7.00%	7.00%
Inflation	1.50%	2.50%
Mortality table	SOA RP 2000 combined mortality table projected to 2010	SOA RP 2000 combined mortality table projected to 2010
Experience study	An experience study was issued November 16, 2015, covering the past five years of plan experience.	An experience study was issued November 16, 2015, covering the past five years of plan experience.

In 2016 the amortization method changed from level dollar to level percentage of payroll and the mortality table changed from the 1983 group annuity tables, scale 355 withdrawal rates to the SOA RP-2000 combined mortality projected to 2010 table. In addition, an experience study was issued in 2015 covering the past five years of plan experience.

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

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.

VII. B. ANNUAL PENSION COST, TREND INFORMATION, AND RESERVES

Annual Pension Cost and Trend Information

Fiscal Year	Employer Contribution Per Week	Actuarially Determined Contribution	Employer Contributions	Percentage Contributed
2017	$55.04	$379,863	$548,513	144.4%
2016	55.04	298,220	953,953	319.9
2015	55.04	316,728	518,478	163.7

Actuarial Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio
7/1/2016	$1,597,067	$ -	$1,597,067	0.0%
7/1/2015	1,209,178	-	1,209,178	0.0
7/1/2014	744,596	-	744,596	0.0

Reserves

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

Concentrations

The pension plan does not hold any individual securities, but invests in mutual funds. The Plan holds investments exceeding 5% of the total plan market value in the American Beacon Large Cap Value Fund, Fidelity Contrafund, JP Morgan Large Cap Growth, Vanguard 500 index Fund, and PIMCO Total Return Fund. 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.

VII. C. NET PENSION ASSET (LIABILITY)

	2017	**2016**
Total pension liability	($16,513,967)	($16,122,605)
Fiduciary net position	12,432,452	11,522,480
Net pension asset (liability)	**($4,081,515)**	**($4,600,125)**
Plan fiduciary net position as a percentage of the total pension liability	**-75.28%**	**-71.47%**

	Total Pension Liability		Plan Fiduciary Net Position		Net Pension Asset (Liability)	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Beginning balance	$16,122,605	$16,988,739	$11,522,480	$11,522,487	($4,600,125)	($5,466,252)
Service cost	479,799	516,377	-	-	(479,799)	(516,377)
Interest	1,119,973	967,116	-	-	(1,119,973)	(967,116)
Changes of benefits terms	-	468,814	-	-	-	(468,814)
Differences between expected and actual experience	17,922	(240,421)	-	-	(17,922)	240,421
Changes of assumptions	-	(1,547,072)	-	-	-	1,547,072
Contributions - employer	-	-	544,896	953,953	544,896	953,953
Contributions - employee	-	-	414,804	401,187	414,804	401,187
Net investment income	-	-	1,299,672	(189,349)	1,299,672	(189,349)
Benefit payments and refunds	(1,226,332)	(1,030,948)	(1,226,332)	(1,030,948)	-	-
Administrative expense	-	-	(123,068)	(134,850)	(123,068)	(134,850)
	$16,513,967	**$16,122,605**	**$12,432,452**	**$11,522,480**	**($4,081,515)**	**($4,600,125)**

VII. D. RATE OF RETURN AND DISCOUNT RATE

Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 11.50% for 2017 and -1.60% for 2016. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Long-Term Expected Rate of Return and Target Allocations

The long-term expected rate of return on pension plan investments was determined using a geometric basis and a time horizon of 20 years. The capital market expectations are initially developed by combining historical risk, return, and correlation data with state-of-the-art techniques and tools that mitigate the limitations of traditional optimization methods. The asset allocation committee at Bank of Oklahoma Financial then employs a qualitative overlay to determine the long-term expected returns. See **NOTE II. A. DEPOSITS AND INVESTMENTS, *Investments*, Pension Trust Investment Policy,** Asset allocation guidelines for target allocation of investments.

	2017	**2016**
Cash	1.51%	0.24%
U.S. core fixed income	1.97	0.77
U.S. high yield fixed income	4.19	3.72
Global fixed income	1.87	0.00
Domestic equities	7.21	0.00
Developed international fixed	0.00	2.85
Equities	8.82	0.00
Emerging markets fixed income	0.00	4.91
U.S. large cap	0.00	7.05
U.S. mid cap	0.00	8.06
U.S. small cap	0.00	8.46
Developed international	0.00	8.81
Emerging markets	0.00	11.11
Alternative strategies	3.07	0.00
Diversified alternatives	0.00	2.34
Hedged equities	0.00	4.11
Low correlation alternatives	0.00	1.56
Real estate investment trusts	6.42	7.21
Infrastructure	0.00	5.29
Commodities	0.00	4.61
Private equity	0.00	11.01
The long-term expected inflation	1.50	2.50

Discount Rate

The discount rate used to measure the total pension liability was 7.00% at June 30, 2017 and 2016. The projection of cash flows used to determine the discount rate assumes that the Plan and members contributions will be made at the current contribution rates specified in the union contract. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through the year 2038 (or 25 years out). Therefore, the plan no longer experiences a cross-over and no benefit payments are required to be discounted at the 20-year municipal bond rate.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	2017		**2016**	
	Rate	Net Pension Asset(Liability)	Rate	Net Pension Asset(Liability)
1% decrease	6.00%	($5,843,043)	6.00%	($6,329,500)
Current single discount rate	7.00	(4,081,515)	7.00	(4,600,125)
1% increase	8.00	(2,583,741)	8.00	(3,131,664)

VIII. DEFINED CONTRIBUTION PENSION PLANS

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 53 participants at June 30, 2017, and 43 participants at June 30, 2016. For fiscal years 2017 and 2016, actual contributions by plan participants were $47,938 and $46,595, respectively. The Authority contributed $17,257 and $18,293 for 2017 and 2016, respectively.

IX. OTHER POST EMPLOYMENT BENEFITS (OPEB)

IX. A. PLAN DESCRIPTION

The Authority provides post-employment healthcare benefits for retired employees and their dependents through the Authority 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 Authority and can be amended by the Authority 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. The Plan covers all general employees.

The OCPEBT administers two separate post-employment healthcare benefit plans. Unless otherwise indicated, the information provided in this note is provided for the Authority Plan only.

Effective July 1, 2015, Authority eligible retirees, and their eligible dependents under 65 years of age are covered through the OCPEBT. Effective July 1, 2016, retirees over 65 years of age are covered through the OCPEBT.

The Plan and required supplementary information schedules are updated annually and reported in the audited annual financial reports of the Authority and in quarterly reports issued by OCPEBT.

OCPEBT financial statements including the actuarial report be obtained from Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

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 unsubsized 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. For retirees over age 65, the Authority contributed a subsidy towards medical coverage of retires based on years of service. The retirees were responsible for paying the remaining balance of the premium. Authority contributions to the Plan were equal to the benefit payments. The Authority does not plan to fund the Plan for more than the expected benefit payments requirements in the near future.

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

	2017	2016
Active members	205	178
Retirees and beneficiaries currently receiving benefits	12	6
	217	**184**

Annual Required Contributions - Actuarial Assumptions

Provisions for:	
Disability benefits	Yes
Death benefits	Yes
Valuation date	7/1/16
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	4.5%
Inflation	3.0%
Projected salary increases	None
Health care trend rate	8.5% (6.0% for Medicare age)
Mortality table	RP-2000 Fully Generational Combined Male and Female Mortality Table with projection scale AA

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 actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

In the July 1, 2016, actuarial valuation, the health care trend rate was increased to 8.5% from 8.0% for pre-65 retirees and to 6.0% from 5.75% for post-65 retirees.

Eligibility for plan enrollment changed for employees beginning January 1, 2017. COTPA employees hired on or after January 1, 2017 are no longer eligible for a subsidy from the City for retiree health coverage. For all general employees hired on or after January 1, 2017, retirement eligibility requirements have been changed from the earlier of age 55 with 5 years of service or 25 years of service regardless of age to the earlier of age 60 with 15 years of service or 25 years of service regardless of age.

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

Annual OPEB Costs and Net OPEB Obligation

	2017		2016			
	OCPEBT	Authority Share	OCPEBT	Authority Share	Authority OPEB (1)	Authority Total
Annual required contribution	$34,251,960	$169,203	$33,371,059	$32,200	$88,559	$120,759
Interest on net OPEB obligation	7,664,821	19,317	6,854,945	-	13,856	13,856
Adjustment to annual Required contribution	(6,663,715)	(17,733)	(6,292,817)	-	(13,124)	(13,124)
Annual OPEB cost	35,253,066	170,787	33,933,187	32,200	89,291	121,491
Contributions made	(16,189,617)	(372,436)	(17,811,341)	(11,340)	(24,638)	(35,978)
Increase in net OPEB obligation	19,063,449	(201,649)	16,121,846	20,860	64,653	85,513
Net OPEB obligation, beginning of year	155,733,811	393,424	139,611,965	-	307,911	307,911
end of year	**$174,797,260**	**$191,775**	**$155,733,811**	**$20,860**	**$372,564**	**$393,424**

(1) Authority OPEB was consolidated into the OCPEBT effective July 1, 2016.

Trend Information

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$170,787	$372,436	218.1%	$191,775
2016	121,491	35,978	29.6	393,424
2015	85,569	21,494	25.1	307,911

Reserves

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

IX. C. FUNDED STATUS AND FUNDING PROGRESS

Actuarial Value of Plan Assets (AVA)	$ -
Actuarial Accrued Liability (AAL)	1,597,067
Unfunded Actuarial Accrued Liability (UAAL)	1,597,067
Funded Ratio (AVA/AAL)	0%
Covered Payroll (Active Plan Members)	9,499,541
UAAL as a Percentage of Covered Payroll	17%

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 the Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

X. COMMITMENTS

Contract Commitments

Oklahoma City Streetcar System

On June 2, 2017, the Authority approved a contract with Herzog Transit Services, Inc. for the operation and maintenance of the Oklahoma City Streetcar System through June 30, 2023 with one five-year renewal option. The total amount of the contract is $17.3 million with the annual amounts scheduled to grow in phases with the implementation and growth of the streetcar system.

Spokies Bike Share Program

On June 6, 2014, the Authority approved a resolution accepting administrative responsibility for the Oklahoma City Bike Share Program (Spokies). The resolution assigns overall program administration to the Authority, makes the Authority the point of contact with the Federal Transit Administration, assigns marketing and contract administration to the Authority, and assigns system expansion and financial administration to the Authority.

On December 5, 2014, the Authority approved a contract with Bicycle Transit Systems (BTS) for management of the Spokies Bike Share Program. The contract commenced on January 5, 2015 and provides for a term through December 31, 2017 with two one-year renewal options. Under the contract, BTS receives a $15,000 per year management fee.

Parking Facilities

The Authority entered into a contract with Republic Parking Systems, Inc., to provide management of parking facilities through June 30, 2015, with options for two one-year extensions. The second amendment was exercised and approved on July 1, 2016 to extend the agreement for one year to June 30, 2017. The amount of the contract is $48,000 annually plus operating expenses and management incentive fees not to exceed $96,000 annually. On June 2, 2017 the Authority approved a contract extension extending the contract through December 31, 2017 or until negotiations on a new contract can be completed.

On August 4, 2017 the Authority approved a new contract with Republic Parking Systems, Inc. retroactive to July 1, 2017. The new contract provides for a term through June 30, 2022 with two, three-year renewal options. The amount of the contract is $185,000 annually of which $50,000 is an annual performance incentive.

Oklahoma River Cruises

On July 10, 2009, the Authority approved a new contract with Hornblower Marine Service (HMS), retroactive to January 1, 2009. The contract provides for three one-year renewal options. Under the contract, HMS received 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. On August 3, 2012, the Board approved the final one-year extension of the contract from January 1, 2013, to December 31, 2013, under the same terms and conditions from the original contract.

On February 14, 2014, the Board approved a new contract with HMS, retroactive to January 1, 2014. The new contract provides for a term through December 31, 2016 with two one-year renewal options. Under the contract, HMS received a contract fee of $64,583 per month for ferry operations and for services rendered under year one of the agreement. The annual expense operating budget will be added to the annual management fee to establish the annual contract fee for contract years two and three and any subsequent extensions. In addition to the annual management fee and contract fee, HMS was paid an incentive of 15% of the gross of all charter cruises boat rental fees. Ferry service commenced on April 1, 2014. On October 7, 2016 the Authority approved the first extension option, extending the contract term through December 31, 2017, under the same terms and conditions from the original contract.

Construction Commitments

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

	2017 Remaining Commitment	2016 Remaining Commitment
Transportation	$460,014	$644,876
Parking	97,442	107,424
	$557,456	**$752,300**

XI. CONTINGENCIES

Federal and State Grants

In the normal course of operations, the Authority receives grant funds from various Federal and state 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 Authority. 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.

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Required Supplementary Information

I. SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (1)(2)

	2017	2016	2015
Total Pension liability			
Service cost	$479,799	$516,377	$537,107
Interest	1,119,973	967,116	885,099
Changes of benefit terms	-	468,814	126,372
Difference between expected and actual experience of the total pension liability	17,922	(240,421)	418,907
Changes of assumptions	-	(1,547,072)	(595,738)
Benefit payments, including refunds of employee contributions	(1,226,332)	(1,030,948)	(830,781)
Net change in total pension liability	**391,362**	**(866,134)**	**540,966**
Pension liability, beginning	16,122,605	16,988,739	16,447,773
Pension liability, ending	**$16,513,967**	**$16,122,605**	**$16,988,739**
Plan Fiduciary Net Position			
Contributions - employer	544,896	953,953	518,478
Contributions - employee	414,804	401,187	412,959
Net investment income	1,299,672	(189,349)	225,040
Benefit payments, including refunds of employee contributions	(1,226,332)	(1,030,948)	(830,781)
Administrative expense	(123,068)	(134,850)	(113,753)
Other	-	-	-
Net change in fiduciary net position	909,972	(7)	211,943
Plan fiduciary net position, beginning	11,522,480	11,522,487	11,310,544
Plan fiduciary net position, ending	**$12,432,452**	**$11,522,480**	**$11,522,487**
Net pension (asset) liability, ending	$4,081,515	$4,600,125	$5,466,252
Covered payroll	9,809,584	9,947,437	9,557,433
Net pension liability as a percentage of covered payroll	41.61%	46.24%	57.19%
Plan fiduciary net position as a percentage of total pension liability	75.28%	71.47%	67.82%
Valuation date	7/1/2016	7/1/2015	7/1/2014
Actuarial cost method	Individual entry age normal	Individual entry age normal	Individual entry age normal
Amortization method	Level % of payroll	Level % of payroll	Level dollar
Amortization period	30 years, closed	30 years, open	30 years, open
Actuarial asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market
Investment rate of return	7.00%	7.00%	5.69%
Cost of living benefit increases (maximum)	N/A	N/A	N/A
Inflation	1.50%	2.50%	2.25%
Projected salary increases	N/A	N/A	N/A
Mortality table	SOA RP 2000 combined mortality table projected	SOA RP 2000 combined mortality table projected	1983 group annuity mortality tables, scale
Experience study	An experience study was issued November 16, 2015, covering the past five years of plan experience.	An experience study was issued November 16, 2015, covering the past five years of plan experience.	An experience study will be conducted in advance of the next fiscal year end.

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, results for measurement years before June 30, 2014, are not available. This information will be developed prospectively beginning in 2014 until eventually 10 years of information is available.

(2) Amounts presented are reported in the financial statements in the next fiscal year.

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS - COTPA RETIREMENT (1)

FY Ending June 30,	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC (2)	Contributions Deficiency (Excess)	Covered Payroll	Actual Contribution As a Percentage of Covered Payroll
2017	$379,863	$544,896	($165,033)	$9,809,584	6%
2016	298,220	953,953	(655,733)	9,947,437	10
2015	316,728	518,478	(201,750)	9,557,433	5
2014	332,823	506,258	(173,435)	9,457,557	5
2013	358,722	504,166	(145,444)	9,457,557	5
2012	380,320	498,883	(118,563)	6,930,000	7
2011	413,569	465,859	(52,290)	7,595,000	6
2010	419,181	471,252	(52,071)	7,150,000	7
2009	416,086	416,086	-	7,464,000	6
2008	327,363	327,363	-	6,700,000	5

(1) The amounts reported represent amounts paid and covered payroll for the fiscal year indicated.

(2) Contributions are deferred in the fiscal year reported and recognized in the financial statements in the subsequent year.

III. SCHEDULE OF INVESTMENT RETURNS (1)(2)

	2017	**2016**	**2015**
Annual money-weighted rate of return, net of investment expense	11.50%	-1.60%	2.00%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, results for measurement years before June 30, 2014, are not available. This information will be developed prospectively beginning in 2014 until eventually 10 years of information is available.

(2) Fiscal year indicates the year of reporting for the pension plan. Pension related transactions are recognized in the financial statements in the subsequent year.

I. SCHEDULE OF FUNDING PROGRESS

City of Oklahoma City Post-Employment Benefits 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)
7/1/16	$42,233,216	$467,908,972	$425,675,756	9%	$224,807,896	189%
7/1/15	39,337,227	439,922,296	400,585,069	9	219,484,135	183

Authority Portion

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)
7/1/16	$ -	$1,597,067	$1,597,067	0%	$9,499,541	17%
7/1/15	-	1,209,178	1,209,178	0	9,274,579	13
7/1/14	-	744,596	744,596	0	9,004,446	8

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS

City of Oklahoma City Post-Employment Benefits Trust

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2017	$15,817,181	$34,082,757	46%
2016	17,800,001	33,338,859	53

Authority Portion

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2017	$372,436	$169,203	220%
2016	35,978	120,759	30
2015	21,494	85,569	25

(1) The amounts reported as part of the City of Oklahoma City Post-Employment Benefits Trust (OCPEBT) include the Authority amounts for all retirees for the actuarial valuation dated July 1, 2016 and retirees under 65 for the actuarial valuation dated July 1, 2015. Information is not presented for the OCPEBT for actuarial valuations dated before 7/1/2015 because Authority retirees are not included in those amounts. Amounts reported for the actuarial valuation dated July 1, 2014 is calculated and reported separately of the OCPEBT.

(2) See Note IX. OTHER POST EMPLOYMENT BENEFITS (OPEB) for actuarial assumptions and other information used to determine the annual required contributions.

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

To the Board of Trustees
Central Oklahoma Transportation and Parking Authority
Oklahoma City, Oklahoma

We have audited, in accordance with the 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, the financial statements of the Central Oklahoma Transportation and Parking Authority (Authority), as of and for the year ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 17, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free 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 audits 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*.

Allen, Gibbs & Houlik, L.C. aghlc.com aghemployersolutions.com aghuniversity.com 316.267.7231 301 N. Main, Suite 1700 Wichita, KS 67202-4868

Purpose of this Report

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

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

November 17, 2017
Wichita, Kansas