



The Oklahoma City Public Transportation & Parking Department

Annual Financial Report | The City of Oklahoma City, Oklahoma | for the Fiscal Year ended June 30, 2016

THE OKLAHOMA CITY PUBLIC TRANSPORTATION AND PARKING DEPARTMENT

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

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Jason Ferbrache, Department Director
James D. Couch, City Manager

Annual Financial Report for the Fiscal Year Ended June 30, 2016

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

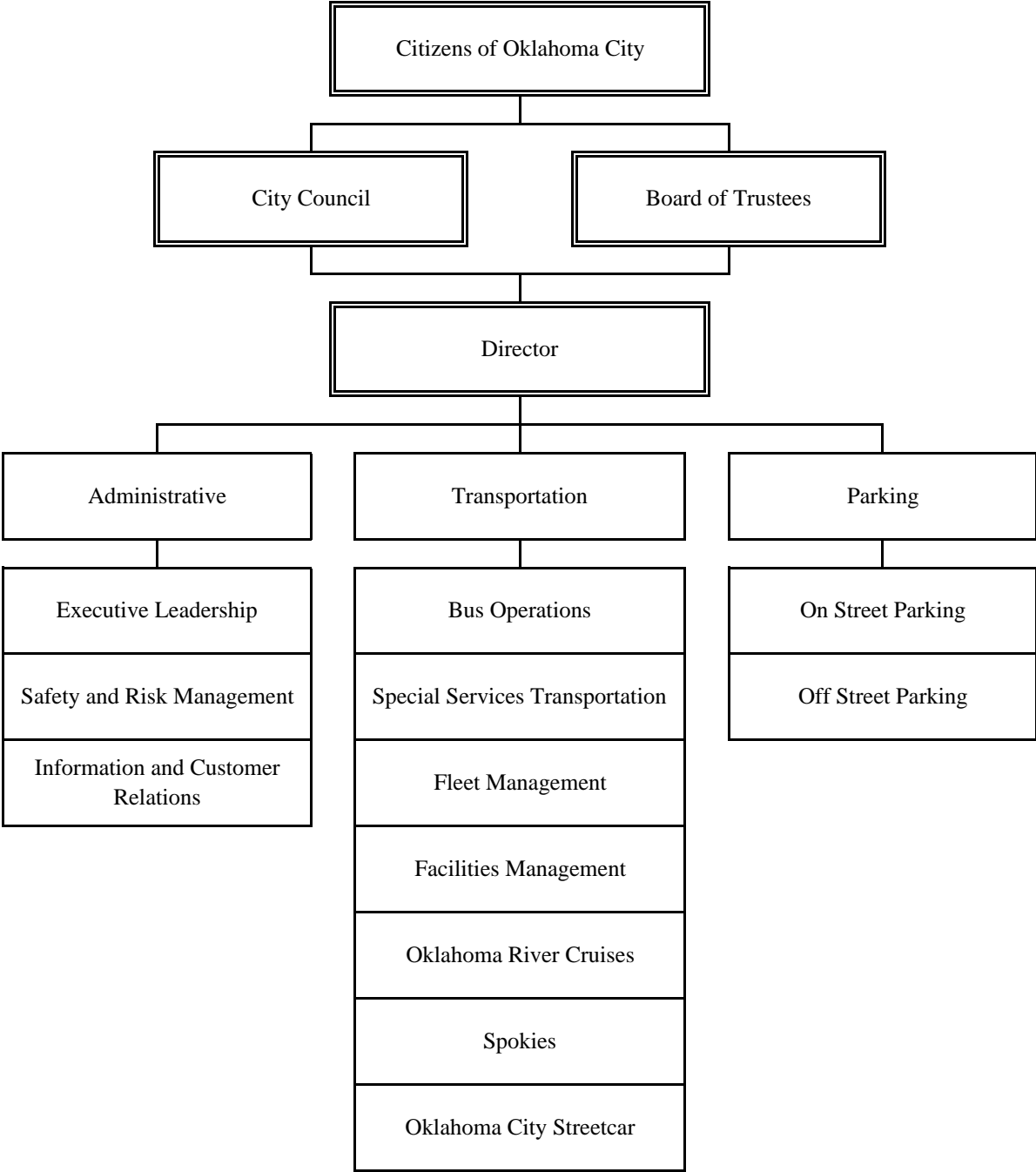
**OKLAHOMA CITY
PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

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City of Oklahoma City Transportation and Parking Department Organization Chart



Introductory Section

2000 S MAY AVENUE
OKLAHOMA CITY
OKLAHOMA 73108

customer service
405.235.7433 (RIDE)

administration
405.297.1331

embarkok.com



November 18, 2016

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

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

The Department's annual report includes the report of independent auditors, management's discussion and analysis (MD&A), Department-wide, division, and fund financial statements, related notes, and required supplementary information. Management's narrative on the financial activities of the Department for the fiscal years ended June 30, 2016 and 2015, is in the MD&A section of this report, immediately following the independent auditor's report on financial statements and supplementary information. The Department is included within the City's Comprehensive Annual Financial Report (CAFR).

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

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

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

The current economic environment in Oklahoma City is positive; however, the economic outlook continues to be muted due to low oil and natural gas prices that are negatively impacting the many energy-related companies working in and around Oklahoma City. The cost of living rating is consistently below the national average and the City has a strong industry presence, low commuting times, convenient airline travel, high quality education, entertainment and sports opportunities, favorable weather, and is centrally located within the State of Oklahoma. According to the website Glassdoor, Oklahoma City came in at No. 10 on the 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.

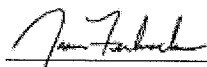
In a report prepared by Dr. Russel Evans, Executive Director of the Steven C. Agee Economic Research & Policy Institute of Oklahoma City University (Institute), dated February 2, 2016, Dr. Evans reported that the U.S. economy was performing below its long run average. As people and economic activity move southwest across the United States, the I-35 corridor running from southern Texas through Oklahoma City and onto Kansas City will continue to be one of the fastest growing megalopolises in the U.S. Oklahoma City is expected to continue to establish an economic identity singular to all other areas of the state, in spite of short run economic weakness, in part due to its geographic location along the I-35 corridor. The Institute described Oklahoma's economic future - and by extension, Oklahoma City's fiscal future, as heavily influenced by the future path in oil markets, suggesting that prices must move higher as current oil prices don't work for domestic producers or budgets of oil dependent governments. The baseline forecast was for Oklahoma City to experience fiscal weakness and contract in FY16. Conditions are projected to stabilize in the fall of 2016 and then grow modestly into 2017 posting fiscal year sales tax growth of 1.37%. Nonfarm and private sector payrolls were stronger than expected with gains in manufacturing, retail and other sectors outpacing losses in the mining sector. Nonfarm employment is expected to grow by 1.3% in 2017. Oklahoma City population is projected to grow at its long run average of 1.5% in 2017 and Oklahoma City per capita personal income is estimated to return to modest growth of 0.9% in 2017. Dr. Evans presented an update to the City Council on August 16, 2016, in which he stated the baseline expectations for sales tax growth seem reasonable given persistent uncertainties in both regional and national conditions.

Additionally, Chris Tatham, president of ETC Institute presented on August 30, 2016, the results of a Citizen Satisfaction Survey that was conducted in May and June of 2016. The report showed that among large U.S. cities, Oklahoma City's rating for the overall quality of city services and customer service are among the best.

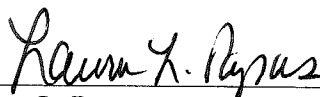
The Mayor (or his appointed surrogate), the City Manager (or his appointed surrogate) and the City Finance Director, serve as the Authority's Trustees with five other Trustees appointed by the Mayor and approved by the Council. The Department participates in the City's comprehensive accounting and budgetary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

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

Respectfully submitted,



Jason Ferbrache
City of Oklahoma City
Public Transportation and Parking Director



Laura L. Papas
City of Oklahoma City
Controller

Financial Section

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the Oklahoma City Public Transportation and Parking Department (the Department), including the Central Oklahoma Transportation and Parking Authority which is a discretely presented component unit of the City of Oklahoma City, Oklahoma (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Department'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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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, each major fund and the aggregate remaining fund information of the Department as of June 30, 2016 and the respective

changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note I.B.2*, the financial statements of the Department are intended to present the financial position, the changes in financial position and the cash flows of only that portion of the business-type activities, non-major enterprise funds and discrete component units of the City that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the City as of June 30, 2016, the changes in its financial position or its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in *Note I.D.1* to the financial statements, in 2016, the Department adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. Our opinions are not modified with respect to this matter.

Other Matters

Report on Prior-Period Information

The financial statements of the Department, as of and for the year ended June 30, 2015 were audited by other auditors, whose report, dated December 4, 2015, expressed an unmodified opinion on those statements.

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.

Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department'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 18, 2016 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

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

November 18, 2016
Wichita, KS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Oklahoma City Public Transportation and Parking Department (Department) annual financial report, the Department's management provides narrative discussion and analysis of the financial activities of the Department for the fiscal years ended June 30, 2016 and 2015. The Department's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Introductory information is available in the transmittal letter which precedes this discussion and analysis. The Department consists of the blended operations of the Central Oklahoma Transportation and Parking Authority (Authority), a discrete component unit of the City of Oklahoma City (City), and the Transportation and Parking Enterprise Funds (Enterprise) of the City.

Financial Summary

- Department assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$79,603,521 (net position) for 2016. This compares to the previous year when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$73,343,139 (net position).
- Total assets for the Department increased by \$5,170,604 (4.8%) to \$112,223,377 during the fiscal year. This compares to the previous year when assets increased by \$1,873,799.
- Total liabilities for the Department increased by \$53,379 (.2%) to \$33,168,162 during the fiscal year. This compares to the previous year when liabilities increased by \$1,051,956.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets, in the amount of \$56,084,175 at June 30, 2016, and \$54,072,820 at June 30, 2015, includes capital assets, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$2,097,553 and \$2,094,785 at June 30, 2016 and 2015, respectively, is restricted for debt service by constraints imposed by debt covenants.
 - (3) Unrestricted net position is \$21,421,793 at June 30, 2016, and \$17,175,534 at June 30, 2015.

Overview of the Financial Statements

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

Department-wide Financial Statements

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

The first of these statements is the statement of net position. This is the statement of position presenting information that includes all of the Department'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 Department as a whole is improving or deteriorating and identify financial strengths and weaknesses and assess liquidity.

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

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

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

Division Financial Statements

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

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

Fiduciary Financial Statements

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

Notes to the financial statements

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

Other Information

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

Financial Analysis

The Department's net position at fiscal year-end is \$79,603,521. This is an increase of \$6,260,382 over last year's net position of \$73,343,139. Overall, the Department's financial position improved during fiscal year 2016. During 2015, the Department adopted Governmental Accounting Standards Board (GASB) statement number 68, as amended. The balances for 2014 were not restated for the adoption of this standard. See notes to the financial statements following the basic financial statements for more information.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016 and 2015

OKLAHOMA CITY
PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

	Summary of Net Position						
	2016	2015	2016-2015 Amount of Change	2016-2015 %	2014	2015-2014 Amount of Change	2015-2014 %
Assets							
Current assets	\$33,027,237	\$28,393,234	\$4,634,003	16.3%	\$33,185,292	(\$4,792,058)	(14.4%)
Capital assets, net	77,132,716	76,485,271	647,445	0.8	69,747,698	6,737,573	9.7
Other non-current assets	2,063,424	2,174,268	(110,844)	(5.1)	2,245,984	(71,716)	(3.2)
Total assets	112,223,377	107,052,773	5,170,604	4.8	105,178,974	1,873,799	1.8
Deferred outflows	1,381,636	640,368	741,268	115.8	-	640,368	100.0
Liabilities							
Current liabilities	5,222,416	4,789,045	433,371	9.0	8,261,488	(3,472,443)	(42.0)
Non-current liabilities	27,945,746	28,325,738	(379,992)	(1.3)	23,801,339	4,524,399	19.0
Total liabilities	33,168,162	33,114,783	53,379	0.2	32,062,827	1,051,956	3.3
Deferred inflows	833,330	1,235,219	(401,889)	(32.5)	-	1,235,219	100.0
Net position							
Net investment in capital assets	56,084,175	54,072,820	2,011,355	3.7	50,818,761	3,254,059	6.4
Restricted	2,097,553	2,094,785	2,768	0.1	2,062,670	32,115	1.6
Unrestricted	21,421,793	17,175,534	4,246,259	24.7	20,234,716	(3,059,182)	(15.1)
Total net position	\$79,603,521	\$73,343,139	\$6,260,382	8.5	\$73,116,147	\$226,992	0.3

Current assets increased by \$4.63 million in 2016 and decreased by \$4.79 million in 2015. In 2016 cash and investments increased by \$5.57 million, offset by decreases in receivable from the City of \$651 thousand related to the timing of the City General Fund subsidy payment and intergovernmental receivables of \$389 thousand related to the timing of receipts of Federal grant revenues. In 2015 cash and investments decreased \$5.15 million and intergovernmental receivables decreased by \$258 thousand related to the timing of receipts of Federal grant revenues, offset by an increase in receivable from the City of \$761 thousand due to the timing of the City General Fund subsidy payment.

Net capital assets increased \$647 thousand in 2016 with construction and capital acquisitions of \$4.88 million, net of retirements of \$47 thousand and depreciation of \$4.24 million. Net capital assets increased \$6.74 million in 2015 with construction and capital acquisitions of \$10.53 million, net of \$141 thousand in retirements and \$3.65 million in depreciation.

Other non-current assets decreased \$111 thousand in 2016 related to a decrease in pension assets and decreased \$72 thousand in 2015 primarily related to pension asset adjustments related to the implementation of GASB statement number 68.

Current liabilities increased \$433 thousand in 2016 primarily due to an increase in wages and benefits payable of \$369 thousand primarily related to increased number of days to accrue and payable to the City of \$329 thousand for expense reimbursements of \$113 thousand and the return of an advance from the City Capital Improvements Fund of \$155 thousand, offset by a decrease in accounts payable of \$268 thousand related to the timing of vendor payments. Current liabilities decreased \$3.47 million in 2015 due mainly to a decrease in accounts payable in the amount of \$3.52 million primarily related to the timing of vendor payments.

In 2016 non-current liabilities decreased \$380 thousand with the reduction in non-current bonds payable for the current portion due of \$615 thousand and \$121 thousand decrease for compensated absences due to the retirement payouts to long term employees, offset by a \$330 thousand increase in the actuarially determined net pension liability and \$162 thousand increase in the actuarially determined other post-employment benefit obligation. Non-current liabilities increased \$4.52 million in 2015 due primarily to an increase in net pension liability of \$5.14 million related to implementation of GASB statement number 68, an increase in the actuarially determined net other post-employment benefits of \$147 thousand, offset by a decrease in non-current portion of bonds payable of \$610 thousand.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016 and 2015

OKLAHOMA CITY
PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

	Summary of Changes in Net Position						
	<u>2016</u>	<u>2015</u>	<u>2016-2015</u> <u>Amount</u> <u>of Change</u>	<u>2016-2015</u> <u>%</u> <u>Change</u>	<u>2014</u>	<u>2015-2014</u> <u>Amount</u> <u>of Change</u>	<u>2015-2014</u> <u>%</u> <u>Change</u>
Operating revenues	\$11,998,784	\$12,070,639	(\$71,855)	(0.6%)	\$10,195,023	\$1,875,616	18.4%
Operating expenses							
Personal services	16,081,729	15,190,504	891,225	5.9	15,425,437	(234,933)	(1.5)
Maintenance, operations, and contractual services	11,256,708	11,734,322	(477,614)	(4.1)	9,711,062	2,023,260	20.8
Material and supplies	3,378,210	3,618,845	(240,635)	(6.6)	3,999,712	(380,867)	(9.5)
Depreciation	<u>4,235,103</u>	<u>3,654,647</u>	<u>580,456</u>	15.9	<u>2,958,208</u>	<u>696,439</u>	23.5
Total operating expenses	<u>34,951,750</u>	<u>34,198,318</u>	<u>753,432</u>	2.2	<u>32,094,419</u>	<u>2,103,899</u>	6.6
Operating loss	(22,952,966)	(22,127,679)	(825,287)	(3.7)	(21,899,396)	(228,283)	(1.0)
Net non-operating revenues	27,763,209	28,434,385	(671,176)	(2.4)	26,150,961	2,283,424	8.7
Contributions	<u>1,450,139</u>	<u>266,088</u>	<u>1,184,051</u>	445.0	<u>2,481,574</u>	<u>(2,215,486)</u>	(89.3)
Changes in net position	6,260,382	6,572,794	(312,412)	(4.8)	6,733,139	(160,345)	(2.4)
Beginning net position							
As previously reported	73,343,139	73,116,147	226,992	0.3	66,383,008	6,733,139	10.1
Change in accounting principle	-	<u>(6,345,802)</u>	<u>6,345,802</u>	100.0	-	<u>(6,345,802)</u>	100.0
As restated	<u>73,343,139</u>	<u>66,770,345</u>	<u>6,572,794</u>	9.8	<u>66,383,008</u>	<u>387,337</u>	0.6
Ending net position	<u>\$79,603,521</u>	<u>\$73,343,139</u>	<u>\$6,260,382</u>	8.5	<u>\$73,116,147</u>	<u>\$226,992</u>	0.3

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 increases in 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 and rental revenues for the retail space in the Arts District garage. Operating revenues increased \$1.88 million in fiscal year 2015. Parking revenues increased \$1.50 million due to continued high occupancy rates in the existing garages and the addition of the new Arts District Garage and an increase in Transportation Division revenues of \$234 thousand related to increased fare box of \$115 thousand, ticket sales of \$71 thousand and new fees for the Spokies bicycle program of \$50 thousand.

Operating expenses increased \$753 thousand in fiscal year 2016. Personal services increased \$891 thousand, mainly for overtime pay of \$407 thousand to cover vacancies, \$239 thousand for vacation and sick pay for the retirement of tenured employees and \$260 for normal pay rate adjustments and extended hours of operation. Maintenance and operations costs decreased by \$478 thousand related to outsourced repairs for the bus fleet. The materials and supplies costs decrease of \$241 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. Operating expenses increased \$2.10 million in fiscal year 2015. Maintenance, operations, and contractual services increased \$2.02 million related, in part, to increased utilities, consultant studies, outsourced repairs of an aging bus fleet, transit system enhancements, rebranding in the Transportation Division and the additional management contract for the Arts District Garage. Decreases in personal services of \$235 thousand were related to a reduction in health insurance benefit costs of \$300 thousand and retirement pension contributions of \$243 thousand to offset the increase in salary costs of \$461 thousand. Reductions in materials and supplies costs of \$381 thousand were principally related to reduced fuel costs of \$436 thousand and repair parts costs of \$495 thousand in the Transportation Division, offset by increases in maintenance costs of \$338 thousand in the Parking Division. In fiscal year 2015 depreciation expense increased \$696 thousand for the completed Arts District Parking Garage.

Net non-operating revenues decreased by \$671 thousand in fiscal year 2016 due to a \$1.13 million decrease in the City General Fund subsidy, increases in bond interest costs of \$284 thousand and other expenses of \$306 thousand primarily for pass through grants to the City of Edmond, offset an increase in Federal grant revenues of \$656 thousand. Net non-operating revenues increased \$2.28 million in fiscal year 2015. This was caused by an increase in City General fund subsidy of \$3.51 million and a \$1.00 million payment from the Oklahoma City Economic Development Trust, offset by continuing reductions in Federal grant revenues of \$1.59 million.

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. Contributions and transfers decreased \$2.22 million in fiscal year 2015 due principally to a decrease in Federal capital grants of \$2.15 million in the Transportation Division.

In 2015 a change in accounting principle related to implementing GASB statement number 68 for pensions resulted in a \$6.35 million reduction of the beginning balance of the net position.

Capital Assets and Debt Administration

Capital Assets

The Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2016 and 2015, was \$77,132,716 and \$76,485,271, respectively. This was an increase of 0.8% in 2015 in this investment compared to an increase of 9.7% in 2015. See Note II. H. for more information regarding capital assets.

Capital Assets, Net of Accumulated Depreciation

	2016	2015	2016-2015 Amount of Change	2016-2015 %	2014	2015-2014 Amount of Change	2015-2014 %
Non-Depreciable Assets							
Land and art	\$5,850,022	\$4,955,522	\$894,500	18.1%	\$4,907,022	\$48,500	1.0%
Construction in progress	<u>832,318</u>	<u>2,198,017</u>	<u>(1,365,699)</u>	(62.1)	<u>26,796,183</u>	<u>(24,598,166)</u>	(91.8)
Total non-depreciable assets	<u>6,682,340</u>	<u>7,153,539</u>	<u>(471,199)</u>	(6.6)	<u>31,703,205</u>	<u>(24,549,666)</u>	(77.4)
Depreciable Assets							
Buildings	10,455,951	10,501,514	(45,563)	(0.4)	10,842,294	(340,780)	(3.1)
Improvements other than buildings	7,926,806	8,071,127	(144,321)	(1.8)	3,603,269	4,467,858	124.0
Buses, automobiles and river boats	8,938,475	9,468,808	(530,333)	(5.6)	10,958,861	(1,490,053)	(13.6)
Parking garages and surface lots	39,325,518	38,161,574	1,163,944	3.1	9,249,465	28,912,109	312.6
Other assets	<u>3,803,626</u>	<u>3,128,709</u>	<u>674,917</u>	21.6	<u>3,390,604</u>	<u>(261,895)</u>	(7.7)
Total depreciable assets	<u>70,450,376</u>	<u>69,331,732</u>	<u>1,118,644</u>	1.6	<u>38,044,493</u>	<u>31,287,239</u>	82.2
	<u>\$77,132,716</u>	<u>\$76,485,271</u>	<u>\$647,445</u>	0.8	<u>\$69,747,698</u>	<u>\$6,737,573</u>	9.7

Land and art increased \$895 thousand and \$49 thousand in 2016 and 2015, respectively, for the contribution of land for the new Arts District Parking Garage and purchase of art for the garage. 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. Construction in progress decreased \$24.60 million in fiscal year 2015 related to \$24.80 million in new Arts District Parking Garage construction and \$3.55 million in Century Center rehabilitation projects and transferring these projects to depreciable assets.

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 rehabilitation transferred from construction in process, \$806 thousand related to purchase of nine paratransit vans and two crew cabs, and improvements to parking garages and various transportation facilities, offset by normal depreciation. Depreciable assets increased in 2015 by \$31.29 million mainly due to moving \$24.80 million from construction in progress to completion of the new Arts District Parking Garage, \$3.55 million for the rehabilitation of the Century Center Garage, and \$4.10 million for renovating the Santa Fe Garage, offset by normal depreciation.

Long-term Debt

At the end of the 2016 fiscal year the Department had total bonded debt outstanding of \$20.81 million. This debt was solely supported by pledged revenues generated by the parking activities of the Department (revenue bonds). See Note III. D. for more information regarding revenue bonds.

	Outstanding Bonds						
			2016-2015	2016-2015			2015-2014
	<u>2016</u>	<u>2015</u>	Amount	%	<u>2014</u>	Amount	%
		<u>of Change</u>	<u>Change</u>		<u>of Change</u>	<u>Change</u>	
Revenue bonds							
Parking	<u>\$20,810,000</u>	<u>\$21,420,000</u>	<u>(\$610,000)</u>	(2.8%)	<u>\$22,000,000</u>	<u>(\$580,000)</u>	(2.6%)

The change in outstanding debt for both 2016 and 2015 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 experience ridership growth in 2016 due to extended hours of operation, enhanced frequency, and the addition of customer amenities. Parking occupancy remained strong due to lack of parking spaces in downtown Oklahoma City. The increase in the department's financial position is the result of the continued subsidy of the Transportation division by the City and the construction and opening of the new Arts District Parking Garage in the Parking Division including the new retail spaces on the ground floor.

Contacting the Department's Financial Management

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

Basic Financial Statements

Department-wide Financial Statements

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

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

Fund Financial Statements

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

Proprietary Fund Financial Statements

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

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

Fiduciary Fund Financial Statements

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

STATEMENTS OF NET POSITION
June 30,

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Pooled cash-----	\$11,728	\$3,276
Non-pooled cash-----	4,995,215	9,767,636
Investments-----	25,718,174	15,387,244
Accounts receivable, net-----	221,885	283,755
Interest receivable-----	3,090	2,074
Receivable from City of Oklahoma City-----	49,500	700,000
Intergovernmental receivables-----	970,775	1,360,142
Inventories-----	1,000,810	839,801
Prepays-----	56,060	49,306
Total current assets-----	33,027,237	28,393,234
<u>NON-CURRENT ASSETS</u>		
Investments-----	1,482,553	1,482,711
Prepays-----	10,207	2,008
Other-----	69,283	69,283
Net pension asset-----	501,381	620,266
Capital assets:		
Land, art, and construction in progress-----	6,682,340	7,153,539
Other capital assets, net of accumulated depreciation-----	70,450,376	69,331,732
Total capital assets-----	77,132,716	76,485,271
Total non-current assets-----	79,196,140	78,659,539
Total assets-----	112,223,377	107,052,773
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
	1,381,636	640,368
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses-----	2,437,016	2,704,930
Wages and benefits payable-----	837,051	467,882
Payable to component units-----	25	-
Payable to City of Oklahoma City-----	417,190	87,891
Compensated absences-----	319,987	337,721
Unearned revenue-----	165,372	147,235
Bond interest payable-----	430,775	433,386
Bonds payable-----	615,000	610,000
Total current liabilities-----	5,222,416	4,789,045
<u>NON-CURRENT LIABILITIES</u>		
Compensated absences-----	526,130	646,896
Unearned revenue-----	700,256	836,250
Bonds payable-----	20,195,000	20,810,000
Net pension liability-----	5,466,252	5,137,229
Net other post-employment benefit obligation-----	1,058,108	895,363
Total non-current liabilities-----	27,945,746	28,325,738
Total liabilities-----	33,168,162	33,114,783
<u>DEFERRED INFLOWS OF RESOURCES</u>		
	833,330	1,235,219
<u>NET POSITION</u>		
Net investment in capital assets-----	56,084,175	54,072,820
Restricted for debt service-----	2,097,553	2,094,785
Unrestricted-----	21,421,793	17,175,534
Total net position-----	\$79,603,521	\$73,343,139

See accompanying notes to financial statements.

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	<u>2016</u>	<u>2015</u>
<u>OPERATING REVENUES</u>		
<u>CHARGES FOR SERVICES</u>		
Transportation charges-----	\$2,977,541	\$2,929,759
River cruise charges-----	107,194	119,606
Parking-----	8,365,065	8,382,416
Other charges-----	966	51
Total charges for services-----	<u>11,450,766</u>	<u>11,431,832</u>
Lease and rental income-----	250,005	148,458
Other-----	298,013	490,349
Total operating revenues-----	<u>11,998,784</u>	<u>12,070,639</u>
<u>OPERATING EXPENSES</u>		
Personal services-----	16,081,729	15,190,504
Maintenance, operations, and contractual services-----	11,256,708	11,734,322
Materials and supplies-----	3,378,210	3,618,845
Depreciation-----	4,235,103	3,654,647
Total operating expenses-----	<u>34,951,750</u>	<u>34,198,318</u>
Operating loss-----	<u>(22,952,966)</u>	<u>(22,127,679)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Non-capital contributions-----	418,288	133,000
Grants operating-----	9,728,265	9,071,837
Investment income-----	71,818	17,046
Interest on bonds-----	(861,549)	(577,847)
Payments from Oklahoma City Riverfront Redevelopment Authority-----	25,000	50,000
Payments from Oklahoma City Economic Development Trust-----	1,112,000	1,000,000
Payments from City of Oklahoma City-----	17,590,902	18,724,592
Other revenues (expenses)-----	(321,515)	15,757
Net non-operating revenues-----	<u>27,763,209</u>	<u>28,434,385</u>
Income before contributions-----	<u>4,810,243</u>	<u>6,306,706</u>
<u>CONTRIBUTIONS</u>		
Capital contributions-----	978,000	-
Grants capital-----	237,793	256,088
Other capital contributions-----	234,346	10,000
Total contributions-----	<u>1,450,139</u>	<u>266,088</u>
Changes in net position-----	<u>6,260,382</u>	<u>6,572,794</u>
Total net assets, beginning, as previously reported-----	73,343,139	73,116,147
Change in accounting principle-----	-	(6,345,802)
Total net assets, beginning, as restated-----	<u>73,343,139</u>	<u>66,770,345</u>
Total net position, ending-----	<u>\$79,603,521</u>	<u>\$73,343,139</u>

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers-----	\$12,078,889	\$12,098,900
Cash payments to suppliers for goods and services-----	(11,366,282)	(11,723,283)
Cash payments to employees and professional contractors for services-----	(16,244,100)	(15,690,742)
Cash payments for internal services-----	(2,883,356)	(2,682,271)
Cash payments from City of Oklahoma City for operations-----	16,557,831	-
Cash payments within the Department/Authority for operations-----	(127,947)	15,539
Other operating cash receipts-----	288,064	49,994
Net cash provided (used) by operating activities-----	<u>(1,696,901)</u>	<u>(17,931,863)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Cash received from operating grants-----	10,016,654	9,153,404
Non-capital financing payments from component units-----	25,000	1,050,000
Non-capital financing payments from City of Oklahoma City-----	1,066,685	18,064,592
Net cash provided (used) by non-capital financing activities-----	<u>11,108,339</u>	<u>28,267,996</u>
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>		
Payments for acquisition and construction of capital assets-----	(4,907,293)	(14,630,155)
Principal paid on long-term debt-----	(610,000)	(580,000)
Interest paid on long-term debt-----	(864,160)	(868,818)
Capital financing payments from component units-----	1,122,319	-
Capital financing payments from City of Oklahoma City-----	1,074,420	10,000
Capital financing payments to City of Oklahoma City-----	(29,188)	-
Capital grants and contributions received-----	298,463	539,996
Net cash provided (used) by capital and related financing activities-----	<u>(3,915,439)</u>	<u>(15,528,977)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments-----	(50,474,420)	(33,587,507)
Proceeds from sale of investments-----	40,292,877	30,965,055
Changes in pooled investments-----	(122,227)	(36,146)
Investment income received-----	43,873	11,556
Purchased interest-----	(71)	(1,246)
Net cash provided (used) by investing activities-----	<u>(10,259,968)</u>	<u>(2,648,288)</u>
Net increase (decrease) in cash-----	<u>(4,763,969)</u>	<u>(7,841,132)</u>
Cash, beginning-----	9,770,912	17,612,044
Cash, ending-----	<u>\$5,006,943</u>	<u>\$9,770,912</u>

STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	<u>2016</u>	<u>2015</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</u>		
<u>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating income (loss)-----	(\$22,952,966)	(\$22,127,679)
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO</u>		
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Depreciation-----	4,235,103	3,654,647
Other revenue (expense)-----	16,895,394	49,994
Change in accounting principle-----	-	(6,345,802)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable-----	61,866	53,930
(Increase) decrease in due from other funds-----	-	(14,597)
(Increase) decrease in receivable from component units-----	56,026	136,074
(Increase) decrease in receivable from City of Oklahoma City-----	(49,749)	-
(Increase) decrease in inventories-----	(161,009)	(31,677)
(Increase) decrease in prepaid assets-----	(14,953)	(771)
(Increase) decrease in net pension asset-----	118,884	68,808
(Increase) decrease in deferred outflows-----	(741,268)	(640,368)
Increase (decrease) in accounts payable and accrued expenses-----	457,055	844,607
Increase (decrease) in wages and benefits payable-----	369,171	22,446
Increase (decrease) in due to other funds-----	-	12,821
Increase (decrease) in payable to component unit-----	274	-
Increase (decrease) in payable to City of Oklahoma City-----	59,651	(136,502)
Increase (decrease) in compensated absences-----	(138,499)	2,584
Increase (decrease) in net pension liability-----	329,023	5,137,229
Increase (decrease) in net other post-employment benefit obligation-----	162,743	147,279
Increase (decrease) in unearned revenue-----	18,242	-
Increase (decrease) in deferred inflows-----	(401,889)	1,235,114
Total adjustments-----	<u>21,256,065</u>	<u>4,195,816</u>
Net cash provided (used) by operating activities-----	<u>(\$1,696,901)</u>	<u>(\$17,931,863)</u>
<u>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>		
Net increase (decrease) in fair value of investments-----	\$9,630	\$4,615
Transfers of assets from (to) other funds-----	978,000	-
Total non-cash investing, capital, and financing activities-----	<u>\$987,630</u>	<u>\$4,615</u>

See accompanying notes to financial statements.

DIVISION STATEMENTS OF NET POSITION
June 30,

OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

	2016			2015	
	Division			Total	Total
	Transportation	River Cruises	Parking	Department	Department
ASSETS					
CURRENT ASSETS					
Pooled cash-----	\$8,197	\$ -	\$3,531	\$11,728	\$3,276
Non-pooled cash-----	2,209,371	317,091	2,468,753	4,995,215	9,767,636
Investments-----	15,623,619	-	10,094,555	25,718,174	15,387,244
Accounts receivable, net-----	93,823	-	128,062	221,885	283,755
Interest receivable-----	1,779	-	1,311	3,090	2,074
Payable/due from (to) within the Department-----	25,470	4,530	(30,000)	-	-
Receivable from City of Oklahoma City-----	-	-	49,500	49,500	700,000
Intergovernmental receivables-----	970,775	-	-	970,775	1,360,142
Inventories-----	993,380	1,220	6,210	1,000,810	839,801
Prepays-----	56,059	-	1	56,060	49,306
Total current assets-----	19,982,473	322,841	12,721,923	33,027,237	28,393,234
NON-CURRENT ASSETS					
Investments-----	-	-	1,482,553	1,482,553	1,482,711
Prepays-----	10,207	-	-	10,207	2,008
Other-----	69,283	-	-	69,283	69,283
Net pension asset-----	412,351	-	89,030	501,381	620,266
Capital assets:					
Land, art, and construction in progress-----	3,928,145	-	2,754,195	6,682,340	7,153,539
Other capital assets, net of accumulated depreciation-----	21,925,874	4,455,858	44,068,644	70,450,376	69,331,732
Total capital assets-----	25,854,019	4,455,858	46,822,839	77,132,716	76,485,271
Total non-current assets-----	26,345,860	4,455,858	48,394,422	79,196,140	78,659,539
Total assets-----	46,328,333	4,778,699	61,116,345	112,223,377	107,052,773
DEFERRED OUTFLOWS OF RESOURCES -----	1,367,555	-	14,081	1,381,636	640,368
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued expenses-----	1,761,089	6,071	669,856	2,437,016	2,704,930
Wages and benefits payable-----	824,851	-	12,200	837,051	467,882
Payable to component units-----	-	25	-	25	-
Payable to City of Oklahoma City-----	312,430	404	104,356	417,190	87,891
Compensated absences-----	306,951	-	13,036	319,987	337,721
Unearned revenue-----	105	141,743	23,524	165,372	147,235
Bond interest payable-----	-	-	430,775	430,775	433,386
Bonds payable-----	-	-	615,000	615,000	610,000
Total current liabilities-----	3,205,426	148,243	1,868,747	5,222,416	4,789,045
NON-CURRENT LIABILITIES					
Compensated absences-----	495,570	-	30,560	526,130	646,896
Unearned revenue-----	-	700,256	-	700,256	836,250
Bonds payable-----	-	-	20,195,000	20,195,000	20,810,000
Net pension liability-----	5,466,252	-	-	5,466,252	5,137,229
Net other post-employment benefit obligation-----	954,665	-	103,443	1,058,108	895,363
Total non-current liabilities-----	6,916,487	700,256	20,329,003	27,945,746	28,325,738
Total liabilities-----	10,121,913	848,499	22,197,750	33,168,162	33,114,783
DEFERRED INFLOWS OF RESOURCES -----	796,342	-	36,988	833,330	1,235,219
NET POSITION					
Net investment in capital assets-----	25,525,012	4,455,860	26,103,303	56,084,175	54,072,820
Restricted for debt service-----	-	-	2,097,553	2,097,553	2,094,785
Unrestricted-----	11,252,621	(525,660)	10,694,832	21,421,793	17,175,534
Total net position-----	\$36,777,633	\$3,930,200	\$38,895,688	\$79,603,521	\$73,343,139

See accompanying notes to financial statements.

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2016			2015	
	Division			Total	Total
	Transportation	River Cruises	Parking	Department	Department
<u>OPERATING REVENUES</u>					
<u>CHARGES FOR SERVICES</u>					
Transportation charges-----	\$2,977,541	\$ -	\$ -	\$2,977,541	\$2,929,759
River cruise charges-----	-	107,194	-	107,194	119,606
Parking-----	-	-	8,365,065	8,365,065	8,382,416
Other charges-----	966	-	-	966	51
Total charges for services-----	2,978,507	107,194	8,365,065	11,450,766	11,431,832
Lease and rental income-----	119,109	-	130,896	250,005	148,458
Other-----	292,484	41	5,488	298,013	490,349
Total operating revenues-----	3,390,100	107,235	8,501,449	11,998,784	12,070,639
<u>OPERATING EXPENSES</u>					
Personal services-----	15,756,888	-	324,841	16,081,729	15,190,504
Maintenance, operations, and contractual services-----	7,062,811	908,999	3,284,898	11,256,708	11,734,322
Materials and supplies-----	3,216,034	28,355	133,821	3,378,210	3,618,845
Depreciation-----	2,460,556	275,967	1,498,580	4,235,103	3,654,647
Total operating expenses-----	28,496,289	1,213,321	5,242,140	34,951,750	34,198,318
Payments/transfers within the Department-----	54,752	(24,752)	(30,000)	-	-
Operating income (loss)-----	(25,051,437)	(1,130,838)	3,229,309	(22,952,966)	(22,127,679)
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Non-capital contributions-----	282,189	136,099	-	418,288	133,000
Grants operating-----	9,728,265	-	-	9,728,265	9,071,837
Investment income-----	40,491	49	31,278	71,818	17,046
Interest on bonds-----	-	-	(861,549)	(861,549)	(577,847)
Payments from Oklahoma City Riverfront Redevelopment Authority-----	-	25,000	-	25,000	50,000
Payments from Oklahoma City Economic Development Trust-----	-	-	1,112,000	1,112,000	1,000,000
Payments from City of Oklahoma City-----	16,332,835	725,566	532,501	17,590,902	18,724,592
Other revenues (expenses)-----	(327,390)	5,875	-	(321,515)	15,757
Net non-operating revenues-----	26,056,390	892,589	814,230	27,763,209	28,434,385
Income (loss) before contributions-----	1,004,953	(238,249)	4,043,539	4,810,243	6,306,706
<u>CONTRIBUTIONS</u>					
Capital contributions-----	-	-	978,000	978,000	-
Grants capital-----	237,793	-	-	237,793	256,088
Other capital contributions-----	137,538	90,000	6,808	234,346	10,000
Total contributions-----	375,331	90,000	984,808	1,450,139	266,088
Changes in net position-----	1,380,284	(148,249)	5,028,347	6,260,382	6,572,794
Total beginning net position, as previously reported	35,397,349	4,078,449	33,867,341	73,343,139	73,116,147
Change in accounting principle-----	-	-	-	-	(6,345,802)
Total net position, beginning, as restated-----	35,397,349	4,078,449	33,867,341	73,343,139	66,770,345
Total net position, ending-----	\$36,777,633	\$3,930,200	\$38,895,688	\$79,603,521	\$73,343,139

See accompanying notes to financial statements.

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

OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

	2016			2015	
	Division			Total	Total
	Transportation	River Cruises	Parking	Department	Department
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash received from customers-----	\$3,381,825	\$116,082	\$8,580,982	\$12,078,889	\$12,098,900
Cash payments to suppliers for goods and services-----	(7,580,904)	(932,278)	(2,853,100)	(11,366,282)	(11,723,283)
Cash payments to employees and professional contractors for services-----	(15,927,932)	-	(316,168)	(16,244,100)	(15,690,742)
Cash payments for internal services-----	(2,657,419)	-	(225,937)	(2,883,356)	(2,682,271)
Cash payments from City of Oklahoma City for operations-----	16,368,831	-	189,000	16,557,831	-
Cash payments within the Department/Authority for operations-	54,752	(15,733)	(166,966)	(127,947)	15,539
Other operating cash receipts-----	282,189	5,875	-	288,064	49,994
Net cash provided (used) by operating activities-----	(6,078,658)	(826,054)	5,207,811	(1,696,901)	(17,931,863)
<u>CASH FLOWS FROM NON-CAPITAL</u>					
<u>FINANCING ACTIVITIES</u>					
Cash received from operating grants-----	10,016,654	-	-	10,016,654	9,153,404
Non-capital financing payments from component units-----	-	25,000	-	25,000	1,050,000
Non-capital financing payments from City of Oklahoma City---	-	725,566	341,119	1,066,685	18,064,592
Net cash provided (used) by non-capital financing activities-----	10,016,654	750,566	341,119	11,108,339	28,267,996
<u>CASH FLOWS FROM CAPITAL AND CAPITAL</u>					
<u>RELATED FINANCING ACTIVITIES</u>					
Payments for acquisition and construction of capital assets-----	(1,557,545)	-	(3,349,748)	(4,907,293)	(14,630,155)
Principal paid on long-term debt-----	-	-	(610,000)	(610,000)	(580,000)
Interest paid on long-term debt-----	-	-	(864,160)	(864,160)	(868,818)
Capital financing payments from component units-----	10,319	-	1,112,000	1,122,319	-
Capital financing payments from City of Oklahoma City-----	984,420	90,000	-	1,074,420	10,000
Capital financing payments to City of Oklahoma City-----	(35,996)	-	6,808	(29,188)	-
Capital grants and contributions received-----	298,463	-	-	298,463	539,996
Net cash provided (used) by capital and related financing activities-----	(300,339)	90,000	(3,705,100)	(3,915,439)	(15,528,977)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Purchase of investments-----	(23,442,004)	-	(27,032,416)	(50,474,420)	(33,587,507)
Proceeds from sale of investments-----	15,987,126	-	24,305,751	40,292,877	30,965,055
Changes in pooled investments-----	(118,532)	-	(3,695)	(122,227)	(36,146)
Investment income received-----	22,728	49	21,096	43,873	11,556
Purchased interest-----	(57)	-	(14)	(71)	(1,246)
Net cash provided (used) by investing activities-----	(7,550,739)	49	(2,709,278)	(10,259,968)	(2,648,288)
Net increase (decrease) in cash-----	(3,913,082)	14,561	(865,448)	(4,763,969)	(7,841,132)
Cash, beginning-----	6,130,650	302,530	3,337,732	9,770,912	17,612,044
Cash, ending-----	\$2,217,568	\$317,091	\$2,472,284	\$5,006,943	\$9,770,912

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

OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

	2016			2015	
	Division			Total	Total
	<u>Transportation</u>	<u>River Cruises</u>	<u>Parking</u>	<u>Department</u>	<u>Department</u>
<u>RECONCILIATION OF OPERATING INCOME</u>					
<u>(LOSS) TO NET CASH PROVIDED (USED)</u>					
<u>BY OPERATING ACTIVITIES</u>					
Operating income (loss)-----	(\$25,051,437)	(\$1,130,838)	\$3,229,309	(\$22,952,966)	(\$22,127,679)
<u>ADJUSTMENTS TO RECONCILE OPERATING</u>					
<u>INCOME (LOSS) TO NET CASH PROVIDED</u>					
<u>(USED) BY OPERATING ACTIVITIES</u>					
Depreciation-----	2,460,556	275,967	1,498,580	4,235,103	3,654,647
Other revenue (expense)-----	16,651,020	5,874	238,500	16,895,394	49,994
Change in accounting principle-----	-	-	-	-	(6,345,802)
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable-----	(8,272)	-	70,138	61,866	53,930
(Increase) decrease in due from other funds-----	(10,090)	9,044	1,046	-	(14,597)
(Increase) decrease in receivable from					
from component units-----	95,084	-	(39,058)	56,026	136,074
(Increase) decrease in receivable from					
City of Oklahoma City-----	-	-	(49,749)	(49,749)	-
(Increase) decrease in inventories-----	(163,268)	1,247	1,012	(161,009)	(31,677)
(Increase) decrease in prepaid assets-----	(14,952)	-	(1)	(14,953)	(771)
(Increase) decrease in net pension asset-----	91,231	-	27,653	118,884	68,808
(Increase) decrease in deferred outflows-----	(742,780)	-	1,512	(741,268)	(640,368)
Increase (decrease) in accounts payable and accrued expenses-----	237,359	3,375	216,321	457,055	844,607
Increase (decrease) in wages and benefits payable-----	368,784	-	387	369,171	22,446
Increase (decrease) in due to other funds-----	-	-	-	-	12,821
Increase (decrease) in payable to component unit-----	-	25	249	274	-
Increase (decrease) in payable to					
City of Oklahoma City-----	16,889	404	42,358	59,651	(136,502)
Increase (decrease) in compensated absences-----	(135,505)	-	(2,994)	(138,499)	2,584
Increase (decrease) in net pension liability-----	329,023	-	-	329,023	5,137,229
Increase (decrease) in net other post-employment					
benefit obligation-----	150,336	-	12,407	162,743	147,279
Increase (decrease) in unearned revenue-----	-	8,848	9,394	18,242	-
Increase (decrease) in deferred inflows-----	(352,636)	-	(49,253)	(401,889)	1,235,114
Total adjustments-----	18,972,779	304,784	1,978,502	21,256,065	4,195,816
Net cash provided (used) by					
operating activities-----	(\$6,078,658)	(\$826,054)	\$5,207,811	(\$1,696,901)	(\$17,931,863)
<u>NON-CASH INVESTING, CAPITAL, AND</u>					
<u>FINANCING ACTIVITIES</u>					
Net increase (decrease) in fair value of investments-----	\$ -	\$ -	\$9,630	\$9,630	\$4,615
Donated assets-----	-	-	978,000	978,000	-
Total non-cash investing, capital,					
and financing activities-----	\$ -	\$ -	\$987,630	\$987,630	\$4,615

See accompanying notes to financial statements.

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2016			2015		
	Total			Total		
	Authority	Enterprise	Division	Authority	Enterprise	Division
ASSETS						
CURRENT ASSETS						
Pooled cash-----	\$ -	\$8,197	\$8,197	\$ -	\$1,386	\$1,386
Non-pooled cash-----	2,209,371	-	2,209,371	6,129,264	-	6,129,264
Investments-----	15,468,268	155,351	15,623,619	7,996,017	36,819	8,032,836
Accounts receivable, net-----	93,823	-	93,823	85,552	-	85,552
Interest receivable-----	1,244	535	1,779	1,245	89	1,334
Payable/due from (to) within the Department-----	(502,374)	527,844	25,470	(607,547)	622,927	15,380
Receivable from City of Oklahoma City-----	-	-	-	700,000	-	700,000
Intergovernmental receivables-----	970,775	-	970,775	1,360,142	-	1,360,142
Inventories-----	993,380	-	993,380	830,112	-	830,112
Prepays-----	56,059	-	56,059	49,306	-	49,306
Total current assets-----	19,290,546	691,927	19,982,473	16,544,091	661,221	17,205,312
NON-CURRENT ASSETS						
Prepays-----	10,207	-	10,207	2,008	-	2,008
Other-----	69,283	-	69,283	69,283	-	69,283
Net pension asset-----	-	412,351	412,351	-	503,582	503,582
Capital assets:						
Land, art and construction in progress-----	3,928,145	-	3,928,145	5,293,844	-	5,293,844
Other capital assets, net of accumulated depreciation-----	21,925,874	-	21,925,874	21,694,919	-	21,694,919
Total capital assets, net-----	25,854,019	-	25,854,019	26,988,763	-	26,988,763
Total non-current assets-----	25,933,509	412,351	26,345,860	27,060,054	503,582	27,563,636
Total assets-----	45,224,055	1,104,278	46,328,333	43,604,145	1,164,803	44,768,948
DEFERRED OUTFLOWS OF RESOURCES-----	1,302,337	65,218	1,367,555	557,477	67,298	624,775
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable and accrued expenses-----	1,761,089	-	1,761,089	1,477,353	327	1,477,680
Wages and benefits payable-----	746,157	78,694	824,851	399,938	56,135	456,073
Payable to City of Oklahoma City-----	312,430	-	312,430	33,955	-	33,955
Compensated absences-----	211,489	95,462	306,951	236,966	82,951	319,917
Unearned revenue-----	105	-	105	105	-	105
Total current liabilities-----	3,031,270	174,156	3,205,426	2,148,317	139,413	2,287,730
NON-CURRENT LIABILITIES						
Compensated absences-----	232,783	262,787	495,570	394,038	224,070	618,108
Net pension liability-----	5,466,252	-	5,466,252	5,137,229	-	5,137,229
Net other post-employment benefit obligation-----	393,424	561,241	954,665	307,911	496,418	804,329
Total non-current liabilities-----	6,092,459	824,028	6,916,487	5,839,178	720,488	6,559,666
Total liabilities-----	9,123,729	998,184	10,121,913	7,987,495	859,901	8,847,396
DEFERRED INFLOWS OF RESOURCES-----	625,030	171,312	796,342	776,778	372,200	1,148,978
NET POSITION						
Net Investment in capital assets-----	25,525,012	-	25,525,012	26,428,023	-	26,428,023
Unrestricted-----	11,252,621	-	11,252,621	8,969,326	-	8,969,326
Total net position-----	\$36,777,633	\$ -	\$36,777,633	\$35,397,349	\$ -	\$35,397,349

See accompanying notes to financial statements.

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2016			2015		
	Authority	Enterprise	Total	Authority	Enterprise	Total
			Transportation Division			Transportation Division
<u>OPERATING REVENUES</u>						
Transportation charges-----	\$2,977,541	\$ -	\$2,977,541	\$2,929,759	\$ -	\$2,929,759
Other charges-----	966	-	966	51	-	51
Lease and rental income-----	119,109	-	119,109	65,457	-	65,457
Other-----	292,484	-	292,484	479,592	-	479,592
Total operating revenues-----	3,390,100	-	3,390,100	3,474,859	-	3,474,859
<u>OPERATING EXPENSES</u>						
Personal services-----	13,780,555	1,976,333	15,756,888	13,107,045	1,730,619	14,837,664
Maintenance, operations, and contractual services-----	6,689,225	373,586	7,062,811	6,080,339	77,041	6,157,380
Materials and supplies-----	3,216,034	-	3,216,034	3,554,755	-	3,554,755
Depreciation-----	2,460,556	-	2,460,556	2,397,975	-	2,397,975
Total operating expenses-----	26,146,370	2,349,919	28,496,289	25,140,114	1,807,660	26,947,774
Payments/transfers within the Department-----	(2,293,299)	2,348,051	54,752	(1,652,647)	1,704,559	51,912
Operating loss-----	(25,049,569)	(1,868)	(25,051,437)	(23,317,902)	(103,101)	(23,421,003)
<u>NON-OPERATING REVENUES (EXPENSES)</u>						
Non-capital contributions-----	282,189	-	282,189	-	-	-
Grants operating-----	9,728,265	-	9,728,265	9,071,837	-	9,071,837
Investment income-----	38,623	1,868	40,491	6,475	790	7,265
Payments from the City of Oklahoma City-----	16,332,835	-	16,332,835	17,459,998	-	17,459,998
Other revenues (expenses)-----	(327,390)	-	(327,390)	24,425	-	24,425
Net non-operating revenues-----	26,054,522	1,868	26,056,390	26,562,735	790	26,563,525
Income (loss) before contributions-----	1,004,953	-	1,004,953	3,244,833	(102,311)	3,142,522
<u>CONTRIBUTIONS</u>						
Grants capital-----	237,793	-	237,793	256,088	-	256,088
Other capital contributions-----	137,538	-	137,538	10,000	-	10,000
Total contributions-----	375,331	-	375,331	266,088	-	266,088
Changes in net position-----	1,380,284	-	1,380,284	3,510,921	(102,311)	3,408,610
Total beginning net position, as previously reported---	35,397,349	-	35,397,349	38,358,247	-	38,358,247
Change in accounting principle-----	-	-	-	(6,471,819)	102,311	(6,369,508)
Total net assets, beginning, as restated-----	35,397,349	-	35,397,349	31,886,428	102,311	31,988,739
Total net position, ending-----	\$36,777,633	\$ -	\$36,777,633	\$35,397,349	\$ -	\$35,397,349

See accompanying notes to financial statements.

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2016			2015		
	Total Transportation			Total Transportation		
	Authority	Enterprise	Division	Authority	Enterprise	Division
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Cash received from customers-----	\$3,381,825	\$ -	\$3,381,825	\$3,570,530	\$ -	\$3,570,530
Cash payments to suppliers for goods and services-----	(7,252,729)	(328,175)	(7,580,904)	(7,151,186)	-	(7,151,186)
Cash payments to employees and professional contractors for services-----	(14,088,289)	(1,839,643)	(15,927,932)	(13,474,286)	(1,618,483)	(15,092,769)
Cash payments for internal services-----	(2,657,419)	-	(2,657,419)	(2,657,995)	-	(2,657,995)
Cash payments from City of Oklahoma City for operations-----	16,368,831	-	16,368,831	-	-	-
Cash payments within the Department/Authority for operations-----	(2,236,986)	2,291,738	54,752	(1,553,112)	1,596,529	43,417
Other operating cash receipts-----	282,189	-	282,189	-	-	-
Net cash provided (used) by operating activities-----	(6,202,578)	123,920	(6,078,658)	(21,266,049)	(21,954)	(21,288,003)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>						
Cash received from operating grants-----	10,016,654	-	10,016,654	9,153,404	-	9,153,404
Non-capital financing payments from City of Oklahoma City-----	-	-	-	16,759,998	40,000	16,799,998
Net cash provided (used) by non-capital financing activities-----	10,016,654	-	10,016,654	25,913,402	40,000	25,953,402
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>						
Payments for acquisition and construction of capital assets-----	(1,557,545)	-	(1,557,545)	(816,907)	-	(816,907)
Capital financing payments from component units-----	10,319	-	10,319	-	-	-
Capital financing payments from City of Oklahoma City-----	984,420	-	984,420	10,000	-	10,000
Capital financing payments to City of Oklahoma City-----	(35,996)	-	(35,996)	-	-	-
Capital grants and contributions received-----	298,463	-	298,463	539,996	-	539,996
Net cash provided (used) by capital and related financing activities-----	(300,339)	-	(300,339)	(266,911)	-	(266,911)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>						
Purchase of investments-----	(23,442,004)	-	(23,442,004)	(12,991,962)	-	(12,991,962)
Proceeds from sale of investments-----	15,987,126	-	15,987,126	7,997,626	-	7,997,626
Changes in pooled investments-----	-	(118,532)	(118,532)	-	(17,457)	(17,457)
Investment income received-----	21,248	1,480	22,728	4,760	763	5,523
Purchased interest-----	-	(57)	(57)	(1,243)	(3)	(1,246)
Net cash provided (used) by investing activities-----	(7,433,630)	(117,109)	(7,550,739)	(4,990,819)	(16,697)	(5,007,516)
Net increase (decrease) in cash-----	(3,919,893)	6,811	(3,913,082)	(610,377)	1,349	(609,028)
Cash, beginning-----	6,129,264	1,386	6,130,650	6,739,641	37	6,739,678
Cash, ending-----	\$2,209,371	\$8,197	\$2,217,568	\$6,129,264	\$1,386	\$6,130,650

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2016			2015		
	Total Transportation			Total Transportation		
	Authority	Enterprise	Division	Authority	Enterprise	Division
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET						
CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)-----	(\$25,049,569)	(\$1,868)	(\$25,051,437)	(\$23,317,902)	(\$103,101)	(\$23,421,003)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO						
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Depreciation-----	2,460,556	-	2,460,556	2,397,975	-	2,397,975
Other revenue (expense)-----	16,651,020	-	16,651,020	-	-	-
Other revenue (expense)-----	-	-	-	(6,471,819)	102,311	(6,369,508)
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable-----	(8,272)	-	(8,272)	95,672	-	95,672
(Increase) decrease in due from other funds-----	(10,090)	-	(10,090)	(24,087)	(1,023)	(25,110)
(Increase) decrease in receivable from component units-----	-	95,084	95,084	-	74,173	74,173
(Increase) decrease in inventories-----	(163,268)	-	(163,268)	(37,349)	-	(37,349)
(Increase) decrease in prepaid assets-----	(14,952)	-	(14,952)	(771)	-	(771)
(Increase) decrease in net pension assets-----	-	91,231	91,231	689,074	(503,582)	185,492
(Increase) decrease in deferred outflows-----	(744,860)	2,080	(742,780)	(557,477)	(67,298)	(624,775)
Increase (decrease) in accounts payable and accrued expenses-----	237,687	(328)	237,359	32,662	327	32,989
Increase (decrease) in wages and benefits payable-----	346,226	22,558	368,784	14,536	6,744	21,280
Increase (decrease) in payable to City of Oklahoma City-----	16,889	-	16,889	(51,312)	-	(51,312)
Increase (decrease) in compensated absences-----	(186,733)	51,228	(135,505)	(7,292)	18,984	11,692
Increase (decrease) in net pension liability-----	329,023	-	329,023	5,137,229	-	5,137,229
Increase (decrease) in net other post-employment benefit obligation-----	85,513	64,823	150,336	58,034	78,311	136,345
Increase (decrease) in deferred inflows-----	(151,748)	(200,888)	(352,636)	776,778	372,200	1,148,978
Total adjustments-----	18,846,991	125,788	18,972,779	2,051,853	81,147	2,133,000
Net cash provided (used) by operating activities-----	(\$6,202,578)	\$123,920	(\$6,078,658)	(\$21,266,049)	(\$21,954)	(\$21,288,003)
NON-CASH INVESTING, CAPITAL, AND FINANCING						
ACTIVITIES						
Net increase (decrease) in fair value of investments-----	\$ -	\$ -	\$ -	\$1,714	\$ -	\$1,714
Total non-cash investing, capital, and financing activities-----	\$ -	\$ -	\$ -	\$1,714	\$ -	\$1,714

See accompanying notes to financial statements.

**STATEMENTS OF NET POSITION
RIVER CRUISES DIVISION
June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	<u>2016</u>	<u>2015</u>
	<u>Authority</u>	<u>Authority</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Non-pooled cash-----	\$317,091	\$302,530
Payable/due from (to) within the Department-----	4,530	13,574
Inventories-----	1,220	2,467
Total current assets-----	322,841	318,571
<u>NON-CURRENT ASSETS</u>		
Capital assets:		
Other capital assets, net of accumulated depreciation-----	4,455,858	4,731,825
Total capital assets-----	4,455,858	4,731,825
Total assets-----	4,778,699	5,050,396
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses-----	6,071	2,697
Payable to component units-----	25	-
Payable to City of Oklahoma City-----	404	-
Unearned revenue-----	141,743	133,000
Total current liabilities-----	148,243	135,697
<u>NON-CURRENT LIABILITIES</u>		
Unearned revenue-----	700,256	836,250
Total liabilities-----	848,499	971,947
<u>NET POSITION</u>		
Net investment in capital assets-----	4,455,860	4,731,825
Unrestricted-----	(525,660)	(653,376)
Total net position-----	\$3,930,200	\$4,078,449

See accompanying notes to financial statements.

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	<u>2016</u>	<u>2015</u>
	<u>Authority</u>	<u>Authority</u>
<u>OPERATING REVENUES</u>		
River cruise charges-----	\$107,194	\$119,606
Other-----	41	5,835
Total operating revenues-----	<u>107,235</u>	<u>125,441</u>
<u>OPERATING EXPENSES</u>		
Maintenance, operations, and contractual services-----	908,999	929,076
Materials and supplies-----	28,355	19,219
Depreciation-----	275,967	279,283
Total operating expenses-----	<u>1,213,321</u>	<u>1,227,578</u>
Payments/transfers within the Department-----	<u>(24,752)</u>	<u>(22,958)</u>
Operating loss-----	<u>(1,130,838)</u>	<u>(1,125,095)</u>
<u>NON-OPERATING REVENUES</u>		
Non-capital contributions-----	136,099	133,000
Investment income-----	49	49
Payments from Oklahoma City Riverfront Redevelopment Authority-----	25,000	50,000
Payments from City of Oklahoma City-----	725,566	762,068
Other revenue (expenses)-----	5,875	-
Net non-operating revenues-----	<u>892,589</u>	<u>945,117</u>
<u>CONTRIBUTIONS</u>		
Other capital contributions-----	90,000	-
Total contributions-----	<u>90,000</u>	<u>-</u>
Changes in net position-----	<u>(148,249)</u>	<u>(179,978)</u>
Total net position, beginning-----	4,078,449	4,258,427
Total net position, ending-----	<u>\$3,930,200</u>	<u>\$4,078,449</u>

See accompanying notes to financial statements.

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	<u>2016</u>	<u>2015</u>
	<u>Authority</u>	<u>Authority</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers-----	\$116,082	\$124,800
Cash payments to suppliers for goods and services-----	(932,278)	(947,400)
Cash payments within the Department/Authority for operations-----	(15,733)	21,774
Other cash receipts-----	5,875	-
Net cash provided (used) by operating activities-----	(826,054)	(800,826)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Non-capital financing payments from component units-----	25,000	50,000
Non-capital financing payments from City of Oklahoma City-----	725,566	762,068
Net cash provided (used) by non-capital financing activities-----	750,566	812,068
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>		
Payments for acquisition and construction of capital assets-----	-	(5,015)
Capital financing payments from City of Oklahoma City-----	90,000	-
Net cash provided (used) by capital and related financing activities-----	90,000	(5,015)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment income received-----	49	49
Net cash provided (used) by investing activities-----	49	49
Net increase (decrease) in cash-----	14,561	6,276
Cash, beginning-----	302,530	296,254
Cash, ending-----	\$317,091	\$302,530
 <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating income (loss)-----	(\$1,130,838)	(\$1,125,095)
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Depreciation-----	275,967	279,283
Other revenue (expense)-----	5,874	-
Changes in assets and liabilities:		
(Increase) decrease in due from other funds-----	9,044	31,208
(Increase) decrease in inventories-----	1,247	(1,458)
Increase (decrease) in accounts payable and accrued expenses-----	3,375	1,679
Increase (decrease) in due to other funds-----	-	13,574
Increase (decrease) in payable to component unit-----	25	-
Increase (decrease) in payable to City of Oklahoma City-----	404	(17)
Increase (decrease) in unearned revenue-----	8,848	-
Total adjustments-----	304,784	324,269
Net cash provided (used) by operating activities-----	(\$826,054)	(\$800,826)

See accompanying notes to financial statements.

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2016			2015		
	<u>Authority</u>	<u>Enterprise</u>	<u>Total Parking Division</u>	<u>Authority</u>	<u>Enterprise</u>	<u>Total Parking Division</u>
ASSETS						
CURRENT ASSETS						
Pooled cash-----	\$ -	\$3,531	\$3,531	\$ -	\$1,890	\$1,890
Non-pooled cash-----	2,468,753	-	2,468,753	3,335,842	-	3,335,842
Investments-----	10,025,291	69,264	10,094,555	7,288,839	65,569	7,354,408
Accounts receivable, net-----	128,062	-	128,062	198,203	-	198,203
Interest receivable-----	1,072	239	1,311	581	159	740
Payable/due from (to) within the Department-----	(104,402)	74,402	(30,000)	(64,547)	35,593	(28,954)
Receivable from City of Oklahoma City-----	49,500	-	49,500	-	-	-
Inventories-----	-	6,210	6,210	-	7,222	7,222
Prepays-----	1	-	1	-	-	-
Total current assets-----	<u>12,568,277</u>	<u>153,646</u>	<u>12,721,923</u>	<u>10,758,918</u>	<u>110,433</u>	<u>10,869,351</u>
NON-CURRENT ASSETS						
Investments-----	1,482,553	-	1,482,553	1,482,711	-	1,482,711
Net pension asset-----	-	89,030	89,030	-	116,684	116,684
Capital assets:						
Land, art, and construction in progress-----	2,754,195	-	2,754,195	1,859,695	-	1,859,695
Other capital assets, net of accumulated depreciation-----	44,068,644	-	44,068,644	42,904,988	-	42,904,988
Total capital assets, net-----	<u>46,822,839</u>	<u>-</u>	<u>46,822,839</u>	<u>44,764,683</u>	<u>-</u>	<u>44,764,683</u>
Total non-current assets-----	<u>48,305,392</u>	<u>89,030</u>	<u>48,394,422</u>	<u>46,247,394</u>	<u>116,684</u>	<u>46,364,078</u>
Total assets-----	<u>60,873,669</u>	<u>242,676</u>	<u>61,116,345</u>	<u>57,006,312</u>	<u>227,117</u>	<u>57,233,429</u>
DEFERRED OUTFLOWS OF RESOURCES-----	-	<u>14,081</u>	<u>14,081</u>	-	<u>15,593</u>	<u>15,593</u>
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable and accrued expenses-----	656,553	13,303	669,856	1,217,627	6,926	1,224,553
Wages and benefits payable-----	-	12,200	12,200	-	11,809	11,809
Payable to City of Oklahoma City-----	57,129	47,227	104,356	53,828	108	53,936
Compensated absences-----	-	13,036	13,036	-	17,804	17,804
Unearned revenue-----	23,524	-	23,524	14,130	-	14,130
Bond interest payable-----	430,775	-	430,775	433,386	-	433,386
Bonds payable-----	615,000	-	615,000	610,000	-	610,000
Total current liabilities-----	<u>1,782,981</u>	<u>85,766</u>	<u>1,868,747</u>	<u>2,328,971</u>	<u>36,647</u>	<u>2,365,618</u>
NON-CURRENT LIABILITIES						
Compensated absences-----	-	30,560	30,560	-	28,788	28,788
Bonds payable-----	20,195,000	-	20,195,000	20,810,000	-	20,810,000
Net other post-employment benefit obligation-----	-	103,443	103,443	-	91,034	91,034
Total non-current liabilities-----	<u>20,195,000</u>	<u>134,003</u>	<u>20,329,003</u>	<u>20,810,000</u>	<u>119,822</u>	<u>20,929,822</u>
Total liabilities-----	<u>21,977,981</u>	<u>219,769</u>	<u>22,197,750</u>	<u>23,138,971</u>	<u>156,469</u>	<u>23,295,440</u>
DEFERRED INFLOWS OF RESOURCES-----	-	<u>36,988</u>	<u>36,988</u>	-	<u>86,241</u>	<u>86,241</u>
NET POSITION						
Net investment in capital assets-----	26,103,303	-	26,103,303	22,912,972	-	22,912,972
Restricted for debt service-----	2,097,553	-	2,097,553	2,094,785	-	2,094,785
Unrestricted-----	10,694,832	-	10,694,832	8,859,584	-	8,859,584
Total net position-----	<u>\$38,895,688</u>	<u>\$ -</u>	<u>\$38,895,688</u>	<u>\$33,867,341</u>	<u>\$ -</u>	<u>\$33,867,341</u>

See accompanying notes to financial statements.

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2016			2015		
	<u>Authority</u>	<u>Enterprise</u>	<u>Total Parking Division</u>	<u>Authority</u>	<u>Enterprise</u>	<u>Total Parking Division</u>
<u>OPERATING REVENUES</u>						
Parking-----	\$8,365,065	\$ -	\$8,365,065	\$8,382,416	\$ -	\$8,382,416
Lease and rental income-----	130,896	-	130,896	83,001	-	83,001
Other-----	5,488	-	5,488	4,922	-	4,922
Total operating revenues-----	8,501,449	-	8,501,449	8,470,339	-	8,470,339
<u>OPERATING EXPENSES</u>						
Personal services-----	-	324,841	324,841	-	352,840	352,840
Maintenance, operations, and contractual services-----	3,183,261	101,637	3,284,898	4,506,813	141,053	4,647,866
Materials and supplies-----	102,354	31,467	133,821	27,887	16,984	44,871
Depreciation-----	1,498,580	-	1,498,580	975,147	2,242	977,389
Total operating expenses-----	4,784,195	457,945	5,242,140	5,509,847	513,119	6,022,966
Payments/transfers within the Department-----	(192,381)	162,381	(30,000)	(206,279)	177,325	(28,954)
Operating income (loss)-----	3,524,873	(295,564)	3,229,309	2,754,213	(335,794)	2,418,419
<u>NON-OPERATING REVENUES (EXPENSES)</u>						
Investment income-----	29,715	1,563	31,278	8,913	819	9,732
Interest on bonds-----	(861,549)	-	(861,549)	(577,847)	-	(577,847)
Payments from Oklahoma City Economic Development Trust-----	1,112,000	-	1,112,000	1,000,000	-	1,000,000
Payments from City of Oklahoma City-----	238,500	294,001	532,501	193,500	309,026	502,526
Other expenses-----	-	-	-	(6,945)	(1,723)	(8,668)
Net non-operating revenues-----	518,666	295,564	814,230	617,621	308,122	925,743
<u>CONTRIBUTIONS</u>						
Capital contributions-----	978,000	-	978,000	-	-	-
Other capital contributions-----	6,808	-	6,808	-	-	-
Total contributions-----	984,808	-	984,808	-	-	-
Changes in net position-----	5,028,347	-	5,028,347	3,371,834	(27,672)	3,344,162
Total beginning net position, as previously reported-----	33,867,341	-	33,867,341	30,495,507	3,966	30,499,473
Change in accounting principle-----	-	-	-	-	23,706	23,706
Total net assets, beginning, as restated-----	33,867,341	-	33,867,341	30,495,507	27,672	30,523,179
Total net position, ending-----	\$38,895,688	\$ -	\$38,895,688	\$33,867,341	\$ -	\$33,867,341

See accompanying notes to financial statements.

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2016			2015		
	Authority	Enterprise	Total	Authority	Enterprise	Total
			Parking Division			Parking Division
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Cash received from customers-----	\$8,580,982	\$ -	\$8,580,982	\$8,403,570	\$ -	\$8,403,570
Cash payments to suppliers for goods and services-----	(2,748,489)	(104,611)	(2,853,100)	(3,537,366)	(87,331)	(3,624,697)
Cash payments to employees and professional contractors for services-----	-	(316,168)	(316,168)	(245,439)	(352,534)	(597,973)
Cash payments for internal services-----	(209,449)	(16,488)	(225,937)	-	(24,276)	(24,276)
Cash payments from City of Oklahoma City for operations-----	189,000	-	189,000	-	-	-
Cash payments within the Department/Authority for operations-----	(266,966)	100,000	(166,966)	(224,455)	174,803	(49,652)
Other cash receipts-----	-	-	-	49,994	-	49,994
Net cash provided (used) by operating activities-----	5,545,078	(337,267)	5,207,811	4,446,304	(289,338)	4,156,966
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>						
Non-capital financing payments from component units-----	-	-	-	1,000,000	-	1,000,000
Non-capital financing payments from City of Oklahoma City-----	-	341,119	341,119	193,500	309,026	502,526
Net cash provided (used) by non-capital financing activities-----	-	341,119	341,119	1,193,500	309,026	1,502,526
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>						
Payments for acquisition and construction of capital assets-----	(3,349,748)	-	(3,349,748)	(13,808,233)	-	(13,808,233)
Principal paid on long-term debt-----	(610,000)	-	(610,000)	(580,000)	-	(580,000)
Interest paid on long-term debt-----	(864,160)	-	(864,160)	(868,818)	-	(868,818)
Capital financing payments from component units-----	1,112,000	-	1,112,000	-	-	-
Capital financing payments to City of Oklahoma City-----	6,808	-	6,808	-	-	-
Net cash provided (used) by capital and related financing activities-----	(3,705,100)	-	(3,705,100)	(15,257,051)	-	(15,257,051)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>						
Purchase of investments-----	(27,032,416)	-	(27,032,416)	(20,595,545)	-	(20,595,545)
Proceeds from sale of investments-----	24,305,751	-	24,305,751	22,967,429	-	22,967,429
Changes in pooled investments-----	-	(3,695)	(3,695)	-	(18,689)	(18,689)
Investment income received-----	19,598	1,498	21,096	5,181	803	5,984
Purchased interest-----	-	(14)	(14)	-	-	-
Net cash provided (used) by investing activities-----	(2,707,067)	(2,211)	(2,709,278)	2,377,065	(17,886)	2,359,179
Net increase (decrease) in cash-----	(867,089)	1,641	(865,448)	(7,240,182)	1,802	(7,238,380)
Cash, beginning-----	3,335,842	1,890	3,337,732	10,576,024	88	10,576,112
Cash, ending-----	\$2,468,753	\$3,531	\$2,472,284	\$3,335,842	\$1,890	\$3,337,732

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2016			2015		
	<u>Authority</u>	<u>Enterprise</u>	<u>Total Parking Division</u>	<u>Authority</u>	<u>Enterprise</u>	<u>Total Parking Division</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>						
Operating income (loss)-----	\$3,524,873	(\$295,564)	\$3,229,309	\$2,754,213	(\$335,794)	\$2,418,419
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>						
Depreciation-----	1,498,580	-	1,498,580	975,147	2,242	977,389
Other revenue (expense)-----	238,500	-	238,500	49,994	-	49,994
Change in accounting principle-----	-	-	-	-	23,706	23,706
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable-----	70,138	-	70,138	(41,742)	-	(41,742)
(Increase) decrease in due from other funds-----	1,046	-	1,046	(20,695)	-	(20,695)
(Increase) decrease in receivable from component units-----	-	(39,058)	(39,058)	-	61,901	61,901
(Increase) decrease in receivable from City of Oklahoma City-----	(49,749)	-	(49,749)	-	-	-
(Increase) decrease in inventories-----	-	1,012	1,012	-	7,130	7,130
(Increase) decrease in prepaid assets-----	(1)	-	(1)	-	-	-
(Increase) decrease in net pension asset-----	-	27,653	27,653	-	(116,684)	(116,684)
(Increase) decrease in deferred outflows-----	-	1,512	1,512	-	(15,593)	(15,593)
Increase (decrease) in accounts payable and accrued expenses-----	209,939	6,382	216,321	814,665	(4,726)	809,939
Increase (decrease) in wages and benefits payable-----	-	387	387	-	1,166	1,166
Increase (decrease) in due to other funds-----	-	-	-	-	(753)	(753)
Increase (decrease) in payable to component unit-----	-	249	249	-	-	-
Increase (decrease) in payable to City of Oklahoma City-----	42,358	-	42,358	(85,173)	-	(85,173)
Increase (decrease) in compensated absences-----	-	(2,994)	(2,994)	-	(9,108)	(9,108)
Increase (decrease) in net other post-employment benefit obligation-----	-	12,407	12,407	-	10,934	10,934
Increase (decrease) in unearned revenue-----	9,394	-	9,394	-	-	-
Increase (decrease) in deferred inflows-----	-	(49,253)	(49,253)	(105)	86,241	86,136
Total adjustments-----	2,020,205	(41,703)	1,978,502	1,692,091	46,456	1,738,547
Net cash provided (used) by operating activities-----	\$5,545,078	(\$337,267)	\$5,207,811	\$4,446,304	(\$289,338)	\$4,156,966
<u>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>						
Net increase (decrease) in fair value of investments-----	\$9,630	\$ -	\$9,630	\$2,901	\$ -	\$2,901
Donated assets-----	978,000	-	978,000	-	-	-
Total non-cash investing, capital, and financing activities-----	\$987,630	\$ -	\$987,630	\$2,901	\$ -	\$2,901

See accompanying notes to financial statements.

**COTPA RETIREMENT TRUST
STATEMENTS OF FIDUCIARY NET POSITION
June 30,**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
<u>RECEIVABLES</u>		
Interest and dividends-----	\$6,338	\$5,096
Employer-----	26,734	22,755
Plan members-----	20,591	17,340
Total receivables-----	<u>53,663</u>	<u>45,191</u>
<u>INVESTMENTS, AT FAIR VALUE</u>		
Domestic common stock-----	4,463,290	6,139,511
Passive domestic stock funds-----	1,755,263	1,107,910
Government securities/fixed income-----	-	187,919
Passive bond fund-----	2,833,603	2,413,997
International stock-----	1,584,396	1,444,674
Treasury money market fund-----	655,758	120,799
Real estate-----	223,832	102,581
Total investments-----	<u>11,516,142</u>	<u>11,517,391</u>
Total assets-----	<u>\$11,569,805</u>	<u>\$11,562,582</u>
Restricted for pension benefits-----	<u>\$11,569,805</u>	<u>\$11,562,582</u>

See accompanying notes to financial statements.

COTPA RETIREMENT TRUST
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the Years Ended June 30,

OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

	<u>2016</u>	<u>2015</u>
<u>ADDITIONS</u>		
<u>CONTRIBUTIONS</u>		
Employer-----	\$957,932	\$518,619
Plan members-----	404,526	408,558
Total contributions-----	<u>1,362,458</u>	<u>927,177</u>
<u>INVESTMENT INCOME</u>		
Net appreciation (depreciation) in fair value of investments-----	(384,916)	46,715
Interest-----	7,380	31,188
Dividends-----	188,186	147,092
	<u>(189,350)</u>	<u>224,995</u>
Less: investment expense-----	(35,193)	(32,891)
Net investment income-----	<u>(224,543)</u>	<u>192,104</u>
Other-----	100	325
Total additions-----	<u>1,138,015</u>	<u>1,119,606</u>
<u>DEDUCTIONS</u>		
Benefits paid-----	851,265	780,995
Refunds of contributions-----	191,422	45,784
Administrative expenses-----	88,105	42,392
Total deductions-----	<u>1,130,792</u>	<u>869,171</u>
Increase in net position-----	7,223	250,435
<u>NET POSITION RESTRICTED FOR PENSION</u>		
Beginning of year-----	11,562,582	11,312,147
End of year-----	<u>\$11,569,805</u>	<u>\$11,562,582</u>

See accompanying notes to financial statements.

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Notes to Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Oklahoma City Public Transportation and Parking Department (Department) financial activities for the fiscal years ended 2016 and 2015.

I. B. BASIS OF PRESENTATION

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

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

Authority

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

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

City

Oklahoma City is a charter city in which citizens elect the Mayor at large and eight Council members by wards. The City is the beneficiary of the public trust operated by the Authority. Upon termination of the trust, the residual of the trust estate will revert to the City. The Trustees of the Authority are the Mayor, City Manager, City Finance Director, and five citizens appointed by the City Council upon nomination by the Mayor. The City also provides substantial funding to the Authority for operations and asset acquisitions.

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

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

COTPA Retirement

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

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

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

Related Party

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 Employee Retirement System (OCERS)

OCERS provides retirement benefits and disability allowances for Enterprise employees of the Department.

Oklahoma City Post-Employment Benefit Trust (OCPEBT)

OCPEBT provides post-retirement health benefits for Enterprise retirees and Authority retirees under age 65.

I. B. 2. BASIC FINANCIAL STATEMENTS

Department-wide Financial Statements

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

Fund Financial Statements

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

Transportation Division

Authority Transportation Fund

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

Enterprise Transportation Fund

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

River Cruises Division

Authority River Cruises Fund

This fund is used to account for the operations and capital investments, including financing and other business activities, of the Oklahoma River Cruises (Ferry Service) consisting of the operation of ferry boats on the Oklahoma River.

Parking Division

Authority Parking Fund

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

Enterprise Parking Fund

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

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

Generally Accepted Accounting Principles (U.S. GAAP)

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Department Funds

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

Authority Funds

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

Enterprise Funds

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

Basis of Budgeting

Department Funds

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

I. D. POLICIES RELATED TO ASSETS, 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 Enterprise Funds are subject to the City's deposit and investment policy formally adopted by the City Council. The Authority's governing Board formally adopted the City's updated deposit and investment policy for unrestricted accounts in July 2012, in addition to policies specified in the Authority bond indenture applicable to the Department's Authority funds as restricted by the indenture. COTPA Retirement has deposit and investment policies separately approved by the retirement system's Board.

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

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 *de minimus* and are reported with expenses/expenditures 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 payable/due from (to) within Department.

All activity between funds of the Department is eliminated.

Activity between the Department 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 Department generally capitalizes assets with cost of \$7,500 or more as purchases and construction outlays occur. Assets purchased or constructed with grants are the exception. These assets are capitalized at cost of \$5,000 or more. Maintenance and repairs are charged to operations, while renewals and betterments are capitalized. When property is retired or otherwise disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting difference is recorded as non-operating revenues/expenses.

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

I. D. 8. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In addition to assets and liabilities, the statement of financial position and the governmental fund balance sheet 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

Enterprise

The Enterprise's risk management activities are recorded in the City Risk Management Fund, the Oklahoma City Municipal Facilities Authority (OCMFA) Services funds and the OCPEBT. The purpose of these funds is to administer employee life, employee health, property and liability, workers' compensation, unemployment, and disability insurance programs of the City, in which the Enterprise participates. These funds account for the risk financing activities of the Enterprise and constitute a transfer of risk from the Enterprise.

Enterprise Funds pay premiums to the City included with other administrative chargebacks and has no other costs or liabilities related to risk management activities. Costs and liabilities for commercial insurance, stop-loss insurance, and claims paid are recorded in the City Risk Management Fund and the OCMFA Services Fund. Retiree health insurance claims costs and liabilities are reported in OCPEBT.

Authority

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

II. 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 Department's deposits may not be returned or the Department will not be able to recover collateral securities in the possession of an outside party. The Department'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, 2016, the Department's cash is collateralized with securities held by the pledging financial institution in the name of the Department, 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 Department'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.

	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)
<i>Department</i>								
Authority money market (4)(5)	\$1,127,487	\$1,127,487	\$ -	\$ -	\$ -	\$ -	AAA/Aaa	0.77
Authority U.S. treasury notes	2,399,563	2,400,928	-	2,400,928	-	-	N/A	6.77
Authority U.S. treasury bill	23,414,834	23,447,698	-	23,447,698	-	-	N/A	7.20
Enterprise pooled investments (6)	<u>224,614</u>	<u>224,614</u>	-	<u>224,614</u>	-	-	AA/Aaa	N/A
Total department investments	<u>\$27,166,498</u>	<u>\$27,200,727</u>	<u>\$-</u>	<u>\$26,073,240</u>	<u>\$-</u>	<u>\$-</u>		
<i>COTPA Retirement</i>								
Mutual funds (7)								
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
Government securities	-	-	-	-	-	-	N/A	N/A
Money market (4)(5)	<u>655,758</u>	<u>655,758</u>	-	-	-	-	AAA	0.27
Total fiduciary investments	<u>\$11,190,644</u>	<u>\$11,516,142</u>	<u>\$10,860,384</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>		

(continued)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

OKLAHOMA CITY
PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

Investments (continued)

2015								
	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)
<i>Department</i>								
Authority money market (4)(5)	\$1,371,128	\$1,371,128	\$ -	\$ -	\$ -	\$ -	AAA/Aaa	1.57
Authority U.S. treasury notes	-	-	-	-	-	-	0.00	0.00
Authority U.S. treasury bill	15,389,423	15,396,437	-	15,396,437	-	-	N/A	23.48
Enterprise pooled investments (6)	<u>102,386</u>	<u>102,390</u>	-	<u>102,390</u>	-	-	AA/Aaa	N/A
Total department investments	<u>\$16,862,937</u>	<u>\$16,869,955</u>	<u>\$ -</u>	<u>\$15,498,827</u>	<u>\$ -</u>	<u>\$ -</u>		
<i>COTPA Retirement</i>								
Mutual funds (7)								
Equity	\$6,403,608	\$8,692,095	\$8,692,095	\$ -	\$ -	\$ -	N/A	N/A
Bond	2,434,951	2,413,997	2,413,997	-	-	-	Not Rated	39.60
Real estate investment trust	64,530	102,581	102,581	-	-	-	Not Rated	N/A
Government securities	183,424	187,919	187,919	-	-	-	Not Rated	N/A
market (4)(5)	<u>120,799</u>	<u>120,799</u>	-	-	-	-	AAA	1.00
Total fiduciary investments	<u>\$9,207,312</u>	<u>\$11,517,391</u>	<u>\$11,396,592</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

- (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) Valued at cost.
- (5) Consists solely of U.S. Treasury securities.
- (6) Enterprise investments are allocated from total City pooled investments.

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 Duration (months)
Money market	\$6,977,766	\$6,977,766	\$ -	\$6,977,766	\$ -	\$ -	AAA/Aaa	1.47
U.S. Treasury notes	192,792,175	192,864,234	-	192,864,234	-	-	AAA/Aaa	16.20
Commercial paper	11,949,582	11,990,987	-	11,990,987	-	-	A1/P1	1.07
Fannie Mae	269,988,596	268,499,537	-	268,499,537	-	-	AA/Aaa	17.07
Federal obligations	<u>306,410,300</u>	<u>305,676,062</u>	-	<u>305,676,062</u>	-	-	AA/Aaa	14.70
	<u>\$788,118,419</u>	<u>\$786,008,586</u>	<u>\$ -</u>	<u>\$786,008,586</u>	<u>\$ -</u>	<u>\$ -</u>		

(continued)

Investments (continued)

	2015							
	Cost	Fair Value/ Carrying Amount	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Measured at NAV	Average Credit Quality/ Ratings	Weighted Average (months)
Money market	(\$5,834)	(\$5,834)	\$ -	\$ -	\$ -	\$ -	AAA/Aaa	1.77
U.S. Treasury notes	233,273,806	232,766,006	-	232,766,006	-	-	N/A	46.95
Commercial paper	57,413,727	47,974,579	-	47,974,579	-	-	A1/P1	5.65
Fannie Mae	224,423,320	223,520,069	-	223,520,069	-	-	AA+/Aaa	16.11
Federal obligations	282,973,996	282,110,170	-	282,110,170	-	-	AA/Aaa	15.00
	<u>\$798,079,015</u>	<u>\$786,364,990</u>	<u>\$-</u>	<u>\$786,370,824</u>	<u>\$-</u>	<u>\$-</u>		

(7) Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. COTPA Retirement has \$1,584,396 and \$1,444,674 invested in international mutual funds at June 30, 2016 and 2015, 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, 2016 and 2015.

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 fair value approximates cost and therefore do not present a fair value measurement.

Authority U.S. treasury bills 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.

Government securities reported by COTPA retirement are actively traded open-end mutual funds. These funds are also required to publish their daily NAV and to transact at that price and are classified as level 1.

Investment Policies

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

(1) Specifically matched cash flows are excluded.

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

(3) Includes SLGS.

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

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

Authority Indenture Restrictions

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

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

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

Pension Trust Investment Policy

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

Manager performance is reviewed by a consultant who provides reports to the governing board. Any changes in the investment management firm must be reported as they occur. Overall investment guidelines provide for diversification and allow investment in domestic and international common stocks, fixed income securities, cash equivalents, index funds, collective trust funds, and mutual funds. The policy provides for the engagement of a custodian who accepts possession of securities for safekeeping; collects and disburses income; collects principal of sold, matured, or called items, and provides periodic accounting to the board. COTPA Retirement policy prohibits investment of more than 5% of its assets in the securities of any one issuer 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 rated at least A. Commercial paper must be rated A-1, P-1. Obligations of the U.S. government or its agencies maturing in one year or less. Repurchase agreements must be collateralized by U.S. government/agency assets. Money market mutual funds and bank Short-Term Investment funds are subject to the same restrictions of rating A1, P1, maturing in one year or less, and must be collateralized by the U.S. government/agency assets. Mutual and collective trust funds, and insurance companies must have at least a five year history, \$50 million in assets (\$30 millions for international/emerging markets) under management, and the same management and investment strategy for the previous five years. Alternatives mutual funds use market neutral, long-short, and arbitrage strategies or invest in real estate investment trusts or commodity indices, which enhances the diversification of the overall portfolio by including positions whose gains and losses are not correlated with the other portions of the portfolio and improve the risk-adjusted return on the portfolio.

Asset allocation guidelines

	Minimum	Target	Maximum	2016 Actual	2015 Actual
Domestic equities	35%	45%	65%	46%	51%
International	5	10	15	14	13
Alternatives	0	20	25	10	13
Fixed income	20	25	40	30	24

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

COTPA Retirement held \$7,802,949 and \$8,692,095 in common stock or stock funds at June 30, 2016 and 2015, respectively. These are held by the investment counterparty, not in the name of COTPA Retirement or the Authority.

Compliance with State Requirements

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

Restricted Deposits and Investments

	<u>2016</u>	<u>2015</u>
Bond principal and interest accounts	\$1,045,775	\$1,045,460
Construction account	-	187,195
Bond reserve account	<u>1,482,553</u>	<u>1,482,711</u>
	<u>\$2,528,328</u>	<u>\$2,715,366</u>

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.

	<u>2016</u>			<u>2015</u>
	<u>Transportation</u>	<u>Parking</u>	<u>Total</u>	<u>Total</u>
Accounts receivable	\$95,822	\$254,187	\$350,009	\$575,540
Less: Allowance for uncollectible accounts	(1,999)	(126,125)	(128,124)	(291,785)
Net accounts receivable	<u>\$93,823</u>	<u>\$128,062</u>	<u>\$221,885</u>	<u>\$283,755</u>
Affect on revenues for change in uncollectibles	<u>\$284,280</u>	<u>(\$120,619)</u>	<u>\$163,661</u>	<u>(\$273,846)</u>

II. C. INTERGOVERNMENTAL RECEIVABLE

Total intergovernmental receivables of \$970,775 in 2016 and \$1,360,142 in 2015 was due from the Federal government for grants.

II. D. INVENTORIES

	<u>2016</u>	<u>2015</u>
Diesel fuel, gasoline and oil	\$63,064	\$35,424
Vehicle parts and supplies	<u>937,746</u>	<u>804,377</u>
	<u>\$1,000,810</u>	<u>\$839,801</u>

II. E. PREPAIDS

Prepays consist mainly of maintenance support and warranties for buses and other mobile equipment. At June 30, 2016, \$56,060 was reported as current prepaids and \$10,207 as non-current prepaids in the Transportation Division. There were \$49,306 in current prepaids and \$2,008 in non-current prepaids reported at June 30, 2015.

II. F. OTHER ASSETS

	<u>2016</u>	<u>2015</u>
Insurance security deposit	\$65,000	\$65,000
Flexible compensation plan escrow	<u>4,283</u>	<u>4,283</u>
	<u>\$69,283</u>	<u>\$69,283</u>

II. G. NET PENSION ASSETS

Implementation of New Accounting Standards

Effective July 1, 2014, the Department implemented GASB statement number 68, Accounting and Financial Reporting for Pensions, as amended by GASB statement number 71, Pension Transition for Contributions Made Subsequent to the Measurement Date and GASB statement number 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, as amended, establishes standards for measuring and recognizing assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expense for employers providing pension plans. It also includes note disclosure and required supplementary information requirements.

NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

OKLAHOMA CITY
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Net pension assets are reported when the plan's net assets exceed the employers total pension liability. The Department's net pension asset and total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014, and December 31, 2013, rolled forward to June 30, 2015 and 2014, respectively. Related to OCERS, the net pension asset is \$46,858,087 and \$61,412,497, of which the Department's share is \$501,381 and \$620,266 at June 30, 2016 and 2015, respectively.

II. H. CAPITAL ASSETS

Changes in Capital Assets

	2016					Total Non-depreciable
	Land and Art	Construction In Progress				
<u>CAPITAL ASSETS, NOT DEPRECIATED</u>						
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	<u>\$5,850,022</u>	<u>\$832,318</u>				<u>6,682,340</u>
		Improvements Other Than Buildings	Buses, Automobiles, and Boats	Parking Garages and Surface Lots	Other Furniture, Machinery, and Equipment	Total Depreciable
<u>CAPITAL ASSETS, DEPRECIATED</u>						
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	<u>349,476</u>	<u>354,936</u>	-	<u>2,153,299</u>	<u>1,335,783</u>	<u>4,193,494</u>
Balance, June 30, 2016	<u>15,907,409</u>	<u>13,851,833</u>	<u>21,937,424</u>	<u>55,220,611</u>	<u>9,599,120</u>	<u>116,516,397</u>
<u>ACCUMULATED DEPRECIATION</u>						
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
Transfers	<u>930</u>	<u>44,749</u>	-	-	<u>902</u>	<u>46,581</u>
Balance, June 30, 2016	<u>5,451,458</u>	<u>5,925,027</u>	<u>12,998,949</u>	<u>15,895,093</u>	<u>5,795,494</u>	<u>46,066,021</u>
Total capital assets, depreciated	<u>\$10,455,951</u>	<u>\$7,926,806</u>	<u>\$8,938,475</u>	<u>\$39,325,518</u>	<u>\$3,803,626</u>	<u>70,450,376</u>
Total department capital assets, net						<u>\$77,132,716</u>

(continued)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

OKLAHOMA CITY
PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

Changes in Capital Assets (continued)

	2015					
	Land and Art	Construction In Progress	Buses, Automobiles, and Boats	Parking Garages and Surface Lots	Other Furniture, Machinery, and Equipment	Total Non-depreciable
CAPITAL ASSETS, NOT DEPRECIATED						
Balance, June 30, 2014	\$4,907,022	\$26,796,183				\$31,703,205
Increases	48,500	10,049,366				10,097,866
Decreases	-	(85,461)				(85,461)
Transfers	-	(34,562,071)				(34,562,071)
Total capital assets, not depreciated	\$4,955,522	\$2,198,017				7,153,539
	Buildings	Improvements Other Than Buildings				Total Depreciable
CAPITAL ASSETS, DEPRECIATED						
Balance, June 30, 2014	\$15,548,133	\$8,663,103	\$21,655,116	\$23,634,720	\$8,363,797	\$77,864,869
Increases	-	61,735	64,789	-	309,245	435,769
Decreases	(8,200)	(438,264)	(588,416)	(434)	(711,326)	(1,746,640)
Transfers	18,000	5,033,868	-	29,433,026	77,177	34,562,071
Balance, June 30, 2015	<u>15,557,933</u>	<u>13,320,442</u>	<u>21,131,489</u>	<u>53,067,312</u>	<u>8,038,893</u>	<u>111,116,069</u>
Balance, June 30, 2014	4,705,839	5,059,834	10,696,255	14,385,255	4,973,193	39,820,376
Increases	358,323	591,127	1,546,321	520,917	637,959	3,654,647
Decreases	(7,743)	(401,646)	(579,895)	(434)	(700,968)	(1,690,686)
Balance, June 30, 2015	<u>5,056,419</u>	<u>5,249,315</u>	<u>11,662,681</u>	<u>14,905,738</u>	<u>4,910,184</u>	<u>41,784,337</u>
Total capital assets, depreciated	\$10,501,514	\$8,071,127	\$9,468,808	\$38,161,574	\$3,128,709	69,331,732
Total department capital assets, net						\$76,485,271

Depreciation Expense

	2016	2015
Transportation	\$2,460,556	\$2,397,975
River Cruises	275,967	279,283
Parking	1,498,580	977,389
	<u>\$4,235,103</u>	<u>\$3,654,647</u>

II. I. PENSION DEFERRED OUTFLOWS

Implementation of New Accounting Standards

Effective July 1, 2014, the Department implemented GASB statement number 68, Accounting and Financial Reporting for Pensions, as amended by GASB statement number 71, Pension Transition for Contributions Made Subsequent to the Measurement Date and GASB statement number 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, as amended, establishes standards for measuring and recognizing assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expense for employers providing pension plans. It also includes note disclosure and required supplementary information requirements.

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 \$1,302,337 and \$557,477 at June 30, 2016 and 2015, respectively. The OCERS reported a deferred outflow of \$7,411,117 and \$8,207,083, of which the Department's share is \$79,299 and \$82,891 at June 30, 2016 and 2015, respectively.

	2016		
	<u>Authority</u>	<u>Enterprise</u>	
	COTPA	Department	
	<u>Retirement</u>	<u>OCERS</u>	<u>Share</u>
Current year contributions - Employer	\$953,953	\$7,411,117	\$79,299
Differences between expected and actual pension plan experience	<u>348,384</u>	-	-
	<u>\$1,302,337</u>	<u>\$7,411,117</u>	<u>\$79,299</u>
	2015		
	<u>Authority</u>	<u>Enterprise</u>	
	COTPA	Department	
	<u>Retirement</u>	<u>OCERS</u>	<u>Share</u>
Current year contributions - Employer	<u>\$557,477</u>	<u>\$8,207,083</u>	<u>\$82,891</u>

III. LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

III. A. UNEARNED REVENUE

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

Should the Authority Trustees or OCRRA Trustees elect to terminate operation of the ORTS system prior to the expiration of the initial term of the agreement (September 30, 2022), the Authority shall reimburse Devon \$133,000 per year for each year of the initial term remaining after termination. The unearned portion of the payment received for the naming rights of \$833,151 at June 30, 2016, and \$969,250 at June 30, 2015, is reported with unearned revenue, of which \$700,256 and \$836,250 is reported as non-current at June 30, 2016 and 2015, respectively.

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 Department invests, records, and reports these proceeds in the manner set forth by the U.S. Treasury and Internal Revenue Service to maintain the tax-exempt status of the bonds. The arbitrage filing requirements for the bond issue is 60 days from July 1, 2014, if a liability exists. At June 30, 2016 and 2015, there was no rebatable arbitrage liability.

III. C. COMPENSATED ABSENCES

Compensated absences balances changed from 2015 to 2016 by accruals of \$451,175 and usages of \$589,675 compared to changes in accruals of \$576,471 and usages of \$573,890 from 2014 to 2015.

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, 2016 and 2015, are \$20,810,000.

Bonded Debt Service Requirements to Maturity

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$615,000	\$857,777	\$1,472,777
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
2022-2026	3,630,000	3,696,586	7,326,586
2027-2031	4,410,000	2,881,409	7,291,409
2032-2036	5,550,000	1,709,513	7,259,513
2037-2039	<u>4,030,000</u>	<u>306,835</u>	<u>4,336,835</u>
	<u>\$20,810,000</u>	<u>\$12,767,683</u>	<u>\$33,577,683</u>

Revenue Bonds Outstanding

	Amount	Interest	Issue	Principal	<u>2016</u>	<u>2015</u>
	<u>Issued</u>	<u>Rate %</u>	<u>Date</u>	<u>Maturity Date</u>	<u>Principal Balance</u>	<u>Principal Balance</u>
Series 2013 Parking Revenue Bonds	\$22,000,000	0.71-4.97	6/20/2013	7/1/2038	\$20,810,000	\$21,420,000

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

	Defeased Balance	Outstanding Balance	
		2016	2015
Series 2006 Parking Revenue Refunding Bonds	\$6,895,000	\$895,000	\$1,870,000

Bond Coverage

	2016	2015
Gross revenue, including non-operating investment income	\$9,888,472	\$9,672,752
Direct operating expenses, excluding depreciation, and transfers to Parking Enterprise Fund	<u>3,477,996</u>	<u>4,740,979</u>
Net revenue available for debt service	<u>\$6,410,476</u>	<u>\$4,931,773</u>
Principal amounts	\$610,000	\$610,000
Interest amounts	<u>864,160</u>	<u>864,160</u>
Total debt service requirements	<u>\$1,474,160</u>	<u>\$1,474,160</u>
Revenue bond coverage	<u>4.35</u>	<u>3.35</u>

The bond indentures require the payment of principal and interest before any other expenditures may be made. In addition, depreciation and amortization expenses are excluded from the direct operating expenses as they do not affect funds available for debt service. The revenue bonds are secured principally by net revenues of 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 \$8,365,065 and \$8,382,416 in parking revenues in 2016 and 2015, respectively.

III. F. NET PENSION LIABILITY

Implementation of New Accounting Standards

Effective July 1, 2014, the Department implemented GASB statement number 68, Accounting and Financial Reporting for Pensions, as amended by GASB statement number 71, Pension Transition for Contributions Made Subsequent to the Measurement Date and GASB statement number 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, as amended, establishes standards for measuring and recognizing assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expense for employers providing pension plans. It also includes note disclosure and required supplementary information requirements.

A net pension liability is reported when a pension plan's total pension liability exceeds the plan's net assets. The Department's net pension liability and the total pension liability used to calculate the net pension liability was determined by an actuarial dated July 1, 2014, and July 1, 2013, which was rolled forward to June 30, 2015 and 2014, respectively. Related to COTPA Retirement, the net pension liability is \$5,466,252 million and \$5,137,229 million at June 30, 2016 and 2015, respectively.

III. G. CHANGES IN LONG-TERM LIABILITIES

	2016					
	Balance July 1, <u>July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	Balance June 30, <u>2016</u>	Due Due Within <u>One Year</u>	Due Due After <u>One Year</u>
<u>COMPENSATED ABSENCES</u>						
Transportation	\$938,025	\$432,591	\$568,095	\$802,521	\$306,951	\$495,570
Parking	46,592	18,584	21,580	43,596	13,036	30,560
<u>REVENUE BONDS</u>						
Parking	21,420,000	-	610,000	20,810,000	615,000	20,195,000
<u>NET PENSION LIABILITY</u>						
Transportation	5,137,229	1,469,083	1,140,060	5,466,252	-	5,466,252
<u>NET OPEB OBLIGATION</u>						
Transportation	804,328	292,298	141,961	954,665	-	954,665
Parking	<u>91,035</u>	<u>31,373</u>	<u>18,965</u>	<u>103,443</u>	<u>-</u>	<u>103,443</u>
Total Department	<u>\$28,437,209</u>	<u>\$2,243,929</u>	<u>\$2,500,661</u>	<u>\$28,180,477</u>	<u>\$934,987</u>	<u>\$27,245,490</u>

(continued)

III. G. CHANGES IN LONG-TERM LIABILITIES (continued)

	2015					
	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015	Due Within One Year	Due After One Year
<u>COMPENSATED ABSENCES</u>						
Transportation	\$926,334	\$544,110	\$532,419	\$938,025	\$319,917	\$618,108
Parking	55,702	32,361	41,471	46,592	17,804	28,788
<u>REVENUE BONDS</u>						
Parking	22,000,000	-	580,000	21,420,000	610,000	20,810,000
<u>NET PENSION LIABILITY</u>						
Transportation	-	5,137,229	-	5,137,229	-	5,137,229
<u>NET OPEB OBLIGATION</u>						
Transportation	667,983	263,000	126,655	804,328	-	804,328
Parking	<u>80,101</u>	<u>30,579</u>	<u>19,645</u>	<u>91,035</u>	-	<u>91,035</u>
Total Department	<u>\$23,730,120</u>	<u>\$6,007,279</u>	<u>\$1,300,190</u>	<u>\$28,437,209</u>	<u>\$947,721</u>	<u>\$27,489,488</u>

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 2014 or any preceding year in which the debt was outstanding.

	Total Amount Guaranteed (1)	Total Amount Outstanding
<u>Maximum of Bond Reserve or Bond Debt Service Requirements</u>		
Series 2013 Parking Revenue Bonds	<u>\$1,472,777</u>	<u>\$20,810,000</u>

- (1) The amount guaranteed is only the amount of debt service due on or before June 30, 2017, and covered under the guarantee effective July 1, 2016. It is anticipated that the guarantees will be renewed annually.

III. I. PENSION DEFERRED INFLOWS

Effective July 1, 2014, the Department implemented GASB statement number 68, Accounting and Financial Reporting for Pensions, as amended by GASB statement number 71, Pension Transition for Contributions Made Subsequent to the Measurement Date and GASB statement number 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, as amended, establishes standards for measuring and recognizing assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expense for employers providing pension plans. It also includes note disclosure and required supplementary information requirements.

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.

	2016		
	Authority	Enterprise	
	COTPA <u>Retirement</u>	<u>OCERS</u>	Department <u>Share</u>
Differences between expected and actual pension plan experience	\$ -	\$7,237,458	\$77,441
Differences between projected and actual investment earnings on plan investments	129,585	12,229,802	130,859
Change in assumptions	<u>495,445</u>	<u>-</u>	<u>-</u>
	<u>\$625,030</u>	<u>\$19,467,260</u>	<u>\$208,300</u>
	2015		
	Authority	Enterprise	
	COTPA <u>Retirement</u>	<u>OCERS</u>	Department <u>Share</u>
Differences between expected and actual pension plan experience	\$ -	\$3,829,000	\$31,727
Differences between projected and actual investment earnings on plan investments	-	51,498,000	426,714
Change in assumptions	<u>776,778</u>	<u>-</u>	<u>-</u>
	<u>\$776,778</u>	<u>\$55,327,000</u>	<u>\$458,441</u>

IV. NET POSITION

Change in Accounting Principle

Effective July 1, 2014, the Department implemented GASB statement number 68, Accounting and Financial Reporting for Pensions as amended by GASB statement number 71, Pension Transition for Contributions Made Subsequent to the Measurement Date and GASB statement number 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, as amended, establishes standards for measuring and recognizing assets/liabilities, deferred outflows of resources, deferred inflows of resources, and expense for employers providing pension plans. It also includes note disclosure and required supplementary information requirements. The implementation of this statement resulted in recording previously unrecorded net pension assets and liabilities, as well as, deferrals of employer contributions. This resulted in a restatement of previously reported net position.

	2015		
	Authority	Enterprise	
	COTPA <u>Retirement</u>	<u>OCERS</u>	Department <u>Share</u>
Beginning net pension asset (liability)	(\$6,977,819)	\$3,600,005	\$36,377
Deferred outflows of resources			
Employer contributions	<u>506,000</u>	<u>8,871,000</u>	<u>89,640</u>
	<u>(\$6,471,819)</u>	<u>\$12,471,005</u>	<u>\$126,017</u>

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OKLAHOMA CITY
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Net Investment in Capital Assets

	<u>2016</u>	<u>2015</u>
Capital assets, net	\$77,132,716	\$76,485,271
Retainages and capital related accounts payable	(502,680)	(1,505,424)
Bonds payable, net	(20,810,000)	(21,420,000)
Bond accounts funded with bond proceeds	-	187,195
Bond issuance costs paid with bond proceeds	<u>264,139</u>	<u>325,778</u>
	<u>\$56,084,175</u>	<u>\$54,072,820</u>

Restricted for Capital Projects

	<u>2016</u>	<u>2015</u>
Bond construction account	\$ -	\$187,195
Bond construction account funded with bond proceeds	<u>-</u>	<u>(187,195)</u>
	<u>\$ -</u>	<u>\$ -</u>

Restricted for Debt Service

	<u>2016</u>	<u>2015</u>
Bond principal and interest accounts	\$1,045,775	\$1,045,460
Bond reserve	1,482,553	1,482,711
Current bond interest payable	<u>(430,775)</u>	<u>(433,386)</u>
	<u>\$2,097,553</u>	<u>\$2,094,785</u>

Unrestricted

	<u>2016</u>	<u>2015</u>
Unrestricted	<u>\$21,421,793</u>	<u>\$17,175,534</u>

V. REVENUES AND EXPENSES

V. A. LEASE REVENUES

The COTPA 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, 2016, 16,738 square feet of garage retail space was leased. In addition, the COTPA Transportation Fund leased out approximately 4,000 square feet of retail space at the Santa Fe Depot.

Minimum Rentals on Non-Cancelable Leases

2017	\$168,058
2018	93,798
2019	68,658
2020	31,644
2021	71,690
2022 - 2026	<u>110,010</u>
	<u>\$543,858</u>
Rental income	<u>\$250,005</u>

V. B. PENSION EXPENSE

2016			2015		
Authority	Enterprise		Authority	Enterprise	
COTPA	Department		COTPA	Department	
Retirement	OCERS	Share	Retirement	OCERS	Share
<u>\$347,369</u>	<u>(\$3,161,485)</u>	<u>(\$33,828)</u>	<u>\$131,262</u>	<u>(\$3,545,295)</u>	<u>(\$14,918)</u>

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

	2016			2015			
	COTPA	Department		COTPA	Department		
	Retirement	OCERS	Share	Retirement	OCERS	Share	
2016	\$110,716	\$6,996,288	\$74,860	2015	\$194,195	\$11,039,309	\$111,497
2017	110,716	6,996,288	74,860	2016	194,195	11,039,309	111,497
2018	110,714	6,996,288	74,860	2017	194,195	11,039,309	111,497
2019	(83,481)	(3,392,670)	(36,302)	2018	194,193	11,039,309	111,497
2020	27,981	1,273,898	13,631	2019	-	650,351	6,569
Thereafter	-	597,168	6,391	Thereafter	-	582,651	5,885
	<u>\$276,646</u>	<u>\$19,467,260</u>	<u>\$208,300</u>		<u>\$776,778</u>	<u>\$45,390,238</u>	<u>\$458,442</u>

VI. INTERFUND TRANSACTIONS

VI. A. INTERFUND BALANCES

Payable/Due Within the Department

Receivable/payables within the Department consist of reimbursements from the Parking Authority to the Transit Authority for repair parts and labor for shuttle vehicles and payroll costs, grant receivables in the River Authority from the Transportation Authority, and cost reimbursements between the Enterprise and Authority funds in both 2016 and 2015.

	2016					
	Authority			Enterprise		Total
	Transportation	River Cruises	Parking	Transportation	Parking	
RECEIVABLE/ DUE FROM						
Authority Transportation Fund	\$ -	\$ -	\$ -	\$527,844	\$ -	\$527,844
Authority River Cruises Fund	-	4,530	-	-	-	4,530
Authority Parking Fund	30,000	-	-	-	74,651	104,651
Enterprise Parking Fund	-	-	249	-	-	249
	<u>\$30,000</u>	<u>\$4,530</u>	<u>\$249</u>	<u>\$527,844</u>	<u>\$74,651</u>	<u>\$637,274</u>
PAYABLE/DUE TO						
Authority Transportation Fund	\$ -	\$ -	\$ -	\$ -	\$249	\$249
Authority River Cruises Fund	4,530	-	-	-	-	4,530
Authority Parking Fund	-	-	30,000	-	-	30,000
Enterprise Transportation Fund	527,844	-	-	-	-	527,844
Enterprise Parking Fund	-	-	74,651	-	-	74,651
	<u>\$532,374</u>	<u>\$ -</u>	<u>\$104,651</u>	<u>\$ -</u>	<u>\$249</u>	<u>\$637,274</u>

(continued)

NOTES TO FINANCIAL STATEMENTS
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Payable/Due Within the Department (continued)

	2015					
	Authority			Enterprise		Total
	Transportation	River Cruises	Parking	Transportation	Parking	
RECEIVABLE/ DUE FROM						
Authority Transportation Fund	\$ -	\$13,574	\$ -	\$622,927	\$ -	\$636,501
Authority Parking Fund	<u>28,954</u>	-	-	-	<u>35,593</u>	<u>64,547</u>
	<u>\$28,954</u>	<u>\$13,574</u>	<u>\$-</u>	<u>\$622,927</u>	<u>\$35,593</u>	<u>\$701,048</u>
PAYABLE/DUE TO						
Authority Transportation Fund	\$ -	\$ -	\$28,954	\$ -	\$ -	\$28,954
Authority River Cruises Fund	13,574	-	-	-	-	13,574
Enterprise Transportation Fund	622,927	-	-	-	-	622,927
Enterprise Parking Fund	-	-	<u>35,593</u>	-	-	<u>35,593</u>
	<u>\$636,501</u>	<u>\$-</u>	<u>\$64,547</u>	<u>\$-</u>	<u>\$-</u>	<u>\$701,048</u>

Cost Reimbursement Payable to (Receivable From) Enterprise Funds

Enterprise 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	
	2016	2015	2016	2015
	Beginning balance	\$604,748	\$697,102	\$35,593
Personal services	1,976,331	1,730,619	324,844	352,840
Other services	373,588	77,041	101,635	141,052
Material and supplies	-	-	31,466	16,984
Interest income	(1,868)	(790)	(1,563)	(819)
Other non operating revenue	(151,397)	(102,311)	(23,323)	(332,732)
Reimbursement to the City	<u>(2,273,558)</u>	<u>(1,778,734)</u>	<u>(394,001)</u>	<u>(239,226)</u>
Advance from (to) Authority Funds	<u>\$527,844</u>	<u>\$622,927</u>	<u>\$74,651</u>	<u>\$35,593</u>

Payable/Due Within the City

Receivable within the City at June 30, 2016, consists of payments from the City for a salary subsidy of \$49 thousand. Receivable within the City at June 30, 2015, consists of a transfer of \$700 thousand from the City for bus purchases.

Payable within the City at June 30, 2016 and 2015, includes amounts payable for chargebacks of \$243,428 and \$72,881 for administration, printing, fuel, and natural gas; \$6,425 and \$1,761 for lease revenues for event parking from the City Public Property Authority; and \$12,516 and \$12,870 to the City Grant Management Fund for expense reimbursements. In addition, at June 30, 2016, there was a payable to the City Capital Improvement Fund for an unspent advance of \$154,821 for the Spokies bicycle program upgrade and at June 30, 2015, there was \$379 payable to the City Public Works Department for engineering services.

NOTES TO FINANCIAL STATEMENTS
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	2016					
	Authority			Enterprise		Total
	Transportation	River Cruises	Parking	Transportation	Parking	
RECEIVABLE/ DUE FROM						
City General Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$49,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$49,500</u>
PAYABLE/DUE TO						
City General Fund	\$127,250	\$404	\$56,534	\$ -	\$47,118	\$231,306
City Print Shop Fund	4,485	-	395	-	-	4,880
City Fleet Services Fund	7,133	-	-	-	109	7,242
City Capital Improvement Fund	154,821	-	-	-	-	154,821
OCMFA Services Fund	6,225	-	200	-	-	6,425
City Grant Management Fund	<u>12,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,516</u>
	<u>\$312,430</u>	<u>\$404</u>	<u>\$57,129</u>	<u>\$ -</u>	<u>\$47,227</u>	<u>\$417,190</u>

	2015					
	Authority			Enterprise		Total
	Transportation	River Cruises	Parking	Transportation	Parking	
RECEIVABLE/ DUE FROM						
City General Fund	<u>\$700,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$700,000</u>
PAYABLE/DUE TO						
City General Fund	\$7,766	\$ -	\$53,160	\$ -	\$ -	\$60,926
City Print Shop Fund	2,381	-	4	-	1	2,386
City Fleet Services Fund	9,462	-	-	-	107	9,569
City Stormwater Drainage Fund	302	-	77	-	-	379
OCPPA Services Fund	1,174	-	587	-	-	1,761
City Grant Management Fund	<u>12,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,870</u>
	<u>\$33,955</u>	<u>\$ -</u>	<u>\$53,828</u>	<u>\$ -</u>	<u>\$108</u>	<u>\$87,891</u>

VI. B. INTERFUND PAYMENTS/TRANSFERS

Payments/Transfers Within the Department

Payments/transfers within the Department consist of the transfer of grant revenue funds from the Transportation Authority to the River Authority, a chargeback reclassification from the Transportation Authority fund to the Transportation Enterprise fund, monthly administrative payments from the Transportation Authority to the Transportation Enterprise fund, cost reimbursement transfers between the Authority and Enterprise funds, and a reimbursement for payroll costs from the Parking Authority to the Transportation Authority.

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OKLAHOMA CITY
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2016						
	Authority			Enterprise		Total
	Transportation	River Cruises	Parking	Transportation	Parking	
TO						
AUTHORITY						
Transportation	\$ -	\$ -	\$30,000	\$ -	\$ -	\$30,000
River Cruises	24,527	-	-	-	-	24,527
ENTERPRISE						
Transportation	2,298,772	49,279	-			2,348,051
Parking	-	-	162,381	-	-	162,381
	<u>\$2,323,299</u>	<u>\$49,279</u>	<u>\$192,381</u>	<u>\$-</u>	<u>\$-</u>	<u>\$2,564,959</u>
2015						
	Authority			Enterprise		Total
	Transportation	River Cruises	Parking	Transportation	Parking	
TO						
AUTHORITY						
Transportation	\$ -	\$ -	\$28,954	\$ -	\$ -	\$28,954
River Cruises	23,572	-	-	-	-	23,572
ENTERPRISE						
Transportation	1,658,029	46,530	-	-	-	1,704,559
Parking	-	-	177,325	-	-	177,325
	<u>\$1,681,601</u>	<u>\$46,530</u>	<u>\$206,279</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,934,410</u>

Payments/Transfers Within the City and Component Units

2016						
	Authority			Enterprise		Total
	Transportation	River Cruises	Parking	Transportation	Parking	
FROM						
City General Fund	\$16,332,835	\$725,566	\$238,500	\$ -	\$294,001	\$17,590,902
OCRRA	-	25,000	-	-	-	25,000
OCEDT	-	-	1,112,000	-	-	1,112,000
	<u>\$16,332,835</u>	<u>\$750,566</u>	<u>\$1,350,500</u>	<u>\$-</u>	<u>\$294,001</u>	<u>\$18,727,902</u>
2015						
	Authority			Enterprise		Total
	Transportation	River Cruises	Parking	Transportation	Parking	
FROM						
City General Fund	\$17,459,998	\$762,068	\$193,500	\$ -	\$309,026	\$18,724,592
OCRRA	-	50,000	-	-	-	50,000
OCEDT	-	-	1,000,000	-	-	1,000,000
	<u>\$17,459,998</u>	<u>\$812,068</u>	<u>\$1,193,500</u>	<u>\$-</u>	<u>\$309,026</u>	<u>\$19,774,592</u>

Dependency on the City

During fiscal year 2016 and 2015 revenues from the Authority Transportation and River Cruises Funds were not sufficient to meet operating expenses. As a result, the Authority received funding from the City General Fund to subsidize operations of \$17,296,901 and \$18,415,566 for June 30, 2016 and 2015, respectively. Included in this funding was \$238,500 and \$193,500 to subsidize a parking lease and \$120,000 and \$94,000 to support the Spokies Bicycle transportation program in 2016 and 2015, respectively.

Administrative Chargebacks

City employees external to the Department perform some administrative functions which are reimbursed through administrative chargebacks recorded with operating expenses of the Authority and Enterprise Funds. In fiscal year 2016 and 2015 the Authority Funds paid \$2,871,396 and \$2,903,740 and the Enterprise Funds paid \$16,488 and \$24,218, respectively, for these services. The Authority reimbursed the Enterprise Funds for its share of the costs through payments within the Department.

OPEB Subsidy

For the 2016 and 2015 fiscal years, the City General Fund contributed \$125,270 and \$124,806 to OCPEBT on behalf of the Department which will be used to pre-fund medical benefits to be provided in future fiscal years.

Other

Other payments/transfers within the City in 2016 include payments from the OCRRA of \$25,000 for a share of marketing costs, \$1,112,000 from the Oklahoma City Economic Development Trust to partially offset costs for garage refurbishments, and \$294,001 from the City General Fund for salaries. In 2015, other payments/transfers within the City include payments from the OCRRA of \$50,000 for a share of marketing costs, \$1,000,000 from the Oklahoma City Economic Development Trust to partially offset costs for refurbishment of the Century Center Parking Garage, and \$309,026 from the City General Fund for salaries.

VII. DEFINED BENEFIT SINGLE EMPLOYER PENSION PLANS

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

Implementation of New Accounting Standards

Effective July 1, 2013, the Trust implemented GASB statement number 67, Financial Reporting for Pension Plans. This statement amends GASB statement number 25 to improve financial reporting by state and local governmental pension plans.

Effective July 1, 2014, the City implemented GASB statement number 68, Accounting and Financial Reporting for Pensions as amended by GASB statement number 71, Pension Transition for Contributions Made Subsequent to the Measurement Date and GASB statement number 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, as amended, establishes standards for measuring and recognizing assets/liabilities, deferred outflows of resources, deferred inflows of resources, and expense for employers providing pension plans. It also includes note disclosure and required supplementary information requirements.

VII. A. OCERS

VII. A. 1. PLAN DESCRIPTION

OCERS provides retirement benefits for substantially all full-time, non-uniformed employees of the City. The OCERS is the administrator of a single employer defined benefit local government retirement plan for the City of Oklahoma City. Plan amendments and benefit provisions are established and amended by City Council action. Unless otherwise indicated, the information in this note is provided as of the latest actuarial valuation, December 31, 2013 and 2014, rolled forward to June 30, 2014 and 2015, respectively. Actuarial valuations are performed annually. The information presented in this note as of June 30, 2016 and 2015, is reported in the financial statements of the Authority as of June 30, 2017 and 2016, respectively.

The required supplementary information schedules of funding progress 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. Detailed information about the OCERS' fiduciary net position is available in the separately issued OCERS report. 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	1958; City Council Ordinance	
Determination of contribution requirements	Actuarially determined	
Contribution Rates: (of covered payroll)	<u>2016</u>	<u>2015</u>
Employer	6.44%	7.44%
Plan members	6.00%	6.00%
Funding of administrative costs	Investment earnings	
Period required to vest	5 years	
Post-retirement benefit increases	Cost of living adjustments are compounded annually; increases must be approved by the OCERS Board	
Eligibility for distribution	30 years credited service regardless of age, or age 60 with 20 years (Pre 3/67 hires), or 25 years of credited service regardless of age, or age 65 with 5 years (Post 3/67 hires), or age 55 with 5 years on a reduced basis, or 5 years of service, with benefits.	

Funding Policy

Contribution requirements are actuarially determined and established by City Council ordinance. Beginning July 1, 2014, the employer contribution rate changed from 7.44% to 6.44%. Beginning July 1, 2015, the employer contribution rate changed from 6.44% to 5.88%. The employee contributes 6.00% of covered payroll. Administrative costs are funded with investment earnings.

Benefit Provisions

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

Post-Retirement Adjustments

Retirement pension may be adjusted annually for changes in the Consumer Price Index. The maximum adjustment is 2% compounded annually. All pension benefit adjustments must be approved by the OCERS Board of Trustees.

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Fiscal Year	Employer Contribution Rate	Actuarially Determined Contribution		Employer Contribution		Percentage Contributed
		OCERS	Department Share	OCERS	Department Share	
2016	6.44%	\$8,230,702	\$88,069	\$8,207,083	\$87,816	99.71%
2015	7.44	8,871,692	89,604	8,871,692	89,604	100.00

Reserves

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

Concentrations

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. A. 3. NET PENSION ASSET (LIABILITY)

Department Share

The Department share of net pension asset is allocated using the departments share of employer contributions for the payroll ending June, 30, 2016 and 2015. The department portion for 2016 and 2015 was 1.07% and 1.01%, respectively.

	2016		2015	
	Total	Department Share	Total	Department Share
Total pension liability	(\$623,305,898)	(\$6,669,374)	(\$597,046,301)	(\$6,030,168)
Fiduciary net position	670,163,985	7,170,755	658,458,798	6,650,434
Net pension asset (liability)	<u>\$46,858,087</u>	<u>\$501,381</u>	<u>\$61,412,497</u>	<u>\$620,266</u>
Plan fiduciary net position as a percentage of the total pension liability	107.52%	107.52%	110.29%	110.29%

	Total Pension Liability (Department Share)		Plan Fiduciary Position (Department Share)		Net Pension Asset (Liability) (Department Share)	
	2016	2015	2016	2015	2016	2015
	Beginning balance	\$6,388,395	\$5,773,325	\$7,045,509	\$5,809,737	\$657,114
Service cost	169,097	150,086	-	-	(169,097)	(150,086)
Interest	473,803	428,269	-	-	(473,803)	(428,269)
Differences between expected and actual experience	(50,768)	(45,296)	-	-	50,768	45,296
Contributions - employer	-	-	87,816	89,604	87,816	89,604
Contributions - employee	-	-	82,051	74,960	82,051	74,960
Net investment income	-	-	269,712	956,047	269,712	956,047
Benefit payments and refunds	(311,153)	(276,216)	(311,153)	(276,216)	-	-
Administrative expense	-	-	(4,766)	(4,661)	(4,766)	(4,661)
Other changes	-	-	1,586	963	1,586	963
	<u>\$6,669,374</u>	<u>\$6,030,168</u>	<u>\$7,170,755</u>	<u>\$6,650,434</u>	<u>\$501,381</u>	<u>\$620,266</u>

VII. A. 4. 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 4.10% for 2016 and 2015. 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 building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation. See **Note II. A. DEPOSITS AND INVESTMENTS, Investments, Pension Trust Policies, Asset Allocation Guidelines** for target allocation of investments.

	Long-Term Expected Rate of Return			Target Allocation	
	<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>
Core Bonds	2.80%	2.84%	Domestic	50.00%	50.00%
Core Plus	3.07	3.11	International	10.00	10.00
Global Bonds	2.63	2.87	Fixed income	25.00	25.00
Absolute Return	4.37	4.35	Real estate	15.00	15.00
U.S. Large Cap Equity	7.80	7.77			
U.S. Small Cap Equity	9.09	9.03			
International Developed Equity	8.79	8.76			
Emerging Market Equity	10.14	10.00			
Long/Short Equity	7.64	7.64			
Private Equity	10.43	10.65			
Core Real Estate	5.51	5.30			
Opportunistic Real Estate	8.80	0.09			
Commodities	3.91	4.21			

Discount Rate

In both 2016 and 2015, a single discount rate of 7.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.5%. The projections of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contributions rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	Rate	2016			
		<u>Total Pension Liability</u>		<u>Net Pension Asset (Liability)</u>	
		OCERS	Department Share	OCERS	Department Share
1% decrease	6.50%	\$700,497,103	\$7,495,319	(\$30,333,118)	(\$324,564)
Current single discount rate	7.50	623,305,898	6,669,373	46,858,087	501,381
1% increase	8.50	558,242,087	5,973,190	111,921,898	1,197,564

	Rate	2015			
		<u>Total Pension Liability</u>		<u>Net Pension Asset (Liability)</u>	
		OCERS	Department Share	OCERS	Department Share
1% decrease	6.50%	\$671,467,967	\$6,781,826	(\$13,009,169)	(\$235,466)
Current single discount rate	7.50	597,046,301	6,030,168	61,412,497	112,223,377
1% increase	8.50	534,353,265	5,396,968	124,105,533	2,246,310

VII. B. COTPA RETIREMENT

VII. B. 1. PLAN DESCRIPTION

COTPA Retirement provides retirement benefits for all Authority employees, primarily bus drivers and related operations employees. Unless otherwise indicated, COTPA Retirement information in this note is for both the July 1, 2015 and 2014, valuation dates rolled forward to June 30, 2016 and 2015, respectively. The information presented in this note as of June 30, 2016 and 2015 is reported in the financial statements of the Authority as of June 30, 2017 and 2016, 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
	<u>2016</u> <u>2015</u>
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
Eligibility for distribution	25 years credited service regardless of age, or age 65 with 10 years, or age 60 with 30 years of service.

Funding Policy

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

Benefit Provisions

Employees of the Authority are required to participate in the Plan after completion of six months of employment. The Authority employees who retire at or after the age of 65 with 10 years of credited service or upon 25 years of full time employment are entitled to receive monthly pension benefits equal to the sum of \$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

	<u>2016</u>	<u>2015</u>
Active employees - nonvested	53	63
Active employees - vested	131	110
Retirees and beneficiaries currently receiving benefits	67	62
Terminated plan members entitled to but not yet receiving benefits	4	14
	<u>255</u>	<u>249</u>

Actuarial Assumptions

Valuation date	7/1/15	7/1/14
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 dollar
Amortization period	30 years, open	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	2.50%	2.25%
Mortality table	SOA RP -2000 combined mortality projected to 2010 table	1983 group annuity mortality tables, scale 355 withdrawal rates
Experience study	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.

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 2016 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. 2. ANNUAL PENSION COST, TREND INFORMATION, AND RESERVES

Annual Pension Cost and Trend Information

Fiscal <u>Year</u>	Employer Contribution <u>Per Week</u>	Actuarially Determined <u>Contribution</u>	Employer <u>Contributions</u>	Percentage <u>Contributed</u>
2016	\$55.04	\$298,220	\$953,953	319.9%
2015	55.04	316,728	518,478	163.7
2014	55.04	332,823	506,258	152.1

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. B. 3. NET PENSION ASSET (LIABILITY)

Total pension liability	<u>2016</u> (\$16,122,605)	<u>2015</u> (\$16,988,739)
Fiduciary net position	<u>11,522,480</u>	<u>11,522,487</u>
Net pension asset (liability)	<u>(\$4,600,125)</u>	<u>(\$5,466,252)</u>
Plan fiduciary net position as a percentage of the total pension liability	-71.47%	-67.82%

NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

OKLAHOMA CITY
PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT

	Total Pension Liability		Plan Fiduciary Net Position		Net Pension Asset (Liability)	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Beginning balance	\$16,988,739	\$16,447,773	\$11,522,487	\$11,310,544	(\$5,466,252)	(\$5,137,229)
Service cost	516,377	537,107	-	-	(516,377)	(537,107)
Interest	967,116	885,099	-	-	(967,116)	(885,099)
Changes of benefits terms	468,814	126,372	-	-	(468,814)	(126,372)
Differences between expected and actual experience	(240,421)	418,907	-	-	240,421	(418,907)
Changes of assumptions	(1,547,072)	(595,738)	-	-	1,547,072	595,738
Contributions - employer	-	-	953,953	518,478	953,953	518,478
Contributions - employee	-	-	401,187	412,959	401,187	412,959
Net investment income	-	-	(189,349)	225,040	(189,349)	225,040
Benefit payments and refunds	(1,030,948)	(830,781)	(1,030,948)	(830,781)	-	-
Administrative expense	-	-	(134,850)	(113,753)	(134,850)	(113,753)
	<u>\$16,122,605</u>	<u>\$16,988,739</u>	<u>\$11,522,480</u>	<u>\$11,522,487</u>	<u>(\$4,600,125)</u>	<u>(\$5,466,252)</u>

VII. B. 4. 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 -1.60% for 2016 and 1.99% for 2015. 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.

	<u>2016</u>	<u>2015</u>
Cash	0.24%	0.24%
U.S. core fixed income	0.77	0.77
U.S. high yield fixed income	3.72	3.72
Developed international fixed	2.85	2.85
Emerging markets fixed income	4.91	4.91
U.S. large cap	7.05	7.05
U.S. mid cap	8.06	8.06
U.S. small cap	8.46	8.46
Developed international	8.81	8.81
Emerging markets	11.11	11.11
Diversified alternatives	2.34	2.34
Hedged equities	4.11	4.11
Low correlation alternatives	1.56	1.56
Real estate investment trusts	7.21	7.21
Infrastructure	5.29	5.29
Commodities	4.61	4.61
Private equity	11.01	11.01

The long-term expected inflation rate is 2.50% and 2.25% in 2016 and 2015, respectively.

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 5.69% for 2016 and 2015, respectively. 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 2035 (or 23 years out). At that point in time, the plan's fiduciary net position will be insufficient to satisfy projected future benefits payments. Therefore, the long-term expected rate of return on pension plan investments was applied to years 1 through 23 (2013 - 2035) of projected benefit payments and a bond rate of 3.63% was applied to projected benefit payments after 2035 to determine the total pension liability.

The discount rate used to measure the total pension liability as of June 30, 2016, has changed from the discount rate used to measure the total pension liability as of June 30, 2015. The rate has increased due to the funding policy that will be adopted by the plan sponsor that allows future assets to be sufficient to make all future benefit payments. 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.

In 2015, the bond rate of 3.63% is from the Moody's Bond Index Yield on June 27, 2014, respectively. It reflects 20-year, tax exempt general obligation municipal bonds with an average rating of AA.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	<u>2016</u>		<u>2015</u>	
	<u>Rate</u>	<u>Net Pension Asset(Liability)</u>	<u>Rate</u>	<u>Net Pension Asset(Liability)</u>
1% decrease	6.00%	(\$6,329,500)	4.69%	(\$7,275,765)
Current single discount rate	7.00	(4,600,125)	5.69	(5,466,252)
1% increase	8.00	(3,131,664)	6.69	(3,931,202)

VIII. DEFINED CONTRIBUTION PENSION PLANS

City Defined Contribution Plans

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

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

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

The two plans include 97 and 102 participants for 2016 and 2015, respectively, comprised of City Council appointees and management personnel.

Authority Defined Contribution Plan

The Authority participates in a defined contribution plan established July 1, 2001, for eligible administrative employees (not represented by a union). Plan provisions and contribution requirements are established or amended by Authority

resolution. It is in addition to COTPA Retirement and provides that the employee may voluntarily contribute to the ICMA plan and the Authority will match employee contributions up to \$1,000 annually. The ICMA plan includes 43 participants at June 30, 2016, and 41 participants at June 30, 2015. For fiscal year 2016 and 2015, actual contributions by plan participants were \$49,565 and \$54,257, respectively. The Authority contributed \$18,293 and \$20,359 for June 30, 2016 and 2015, respectively.

IX. OTHER POST EMPLOYMENT BENEFITS (OPEB)

IX. A. CITY OPEB

IX. A. 1. PLAN DESCRIPTION

The City provides post-employment healthcare benefits for retired employees and their dependents through the City of Oklahoma City Post-retirement Medical Plan (the Plan), a single-employer defined benefit healthcare plan administered by the OCPEBT. The benefits, coverage levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The Plan issues a separate report that can be obtained from Human Resources at 420 W. Main, Suite 110, Oklahoma City, OK 73102. The City OPEB Plan covers all current retirees who elected post-retirement medical coverage through the City and future retired general employees. All firefighters retiring after December 31, 2002, are covered under a separate plan established specifically to provide medical benefits to City firefighters and are not considered for this disclosure. Retirees of COTPA age 65 and older and all MCA retirees are also not covered under the Plan.

Effective July 1, 2015, COTPA eligible retirees, and their eligible dependents under 65 years of age are covered under the City's health and welfare plans. City OPEB costs and obligations include these retirees. COTPA retirees over 65 years of age remain covered under COPTA OPEB.

Funding Policies, Contribution Methods and Benefit Provisions

Year established and governing authority	2008; City Council Ordinance	
Determination of contribution requirements	City Policy	
Contribution rates:	<u>City Retirees</u>	<u>COTPA Retirees</u>
Employer	56% of premium	Subsidy based on years of service
Plan members	44% of premium	Remainder of unsubsidized premium
Funding of administrative costs	Investment earnings	
Period required to vest	5 years	10 years
Eligibility for distribution	General employees are eligible for membership in the Plan if they retire from the City on or after age 55 with 5 years of service or at any age with 25 years of service. Police officers are eligible for benefits under the Plan if they retire from the City on or after age 55 with 5 years of service or at any age with 20 years of service. Firefighters with 20 years of service retiring before January 1, 2003, are eligible for membership. Participation may only be elected at the time of retirement. COTPA general employees under the age of 65 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 City Council ordinance. Beginning January 1, 2016, for retirees other than COPTA retirees under 65, the employer contribution rate changed from 58% of premium to 56% of premium. The retiree contributes the balance of the premium. For COTPA retirees under 65, COTPA contributed a subsidy towards medical coverage of retirees based on years of service. The retirees were responsible for paying the remaining balance of the premium. COTPA contributions to the Plan were equal to the benefit payments. Administrative costs are funded with investment earnings.

Benefit Provisions

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

The City provides medical benefits either through a fully insured health plan or through a self-insured Group Indemnity Plan. Benefits include general inpatient and outpatient medical services and prescription drug coverage. Coverage for dependents can continue upon the death of the retiree. Spouses and eligible dependents of employees who die in active service while eligible for benefits can receive coverage. COTPA provides post-retirement healthcare benefits to its retirees. The Plan covers all current retirees who elected post-retirement medical coverage and future general employees. COTPA provides medical benefits through a fully insured health plan. Benefits include general inpatient and outpatient medical services and prescription drug coverage.

Membership

	<u>2016</u>	<u>2015</u>
Active members (1)	3,563	3,592
Retirees and beneficiaries currently receiving benefits	<u>2,169</u>	<u>2,145</u>
	<u><u>5,732</u></u>	<u><u>5,737</u></u>

(1) Active members include 178 members also included in COTPA OPEB membership for 2016.

Annual Required Contributions - Actuarial Assumptions

Provisions for:	
Disability benefits	Yes
Death benefits	Yes
Valuation date	7/1/15
Actuarial cost method	Projected unit credit with linear proration to decrement
Amortization method	Level percentage of payroll
Amortization period	30 years, open
Actuarial asset valuation method	4-year smoothed market
Actuarial Assumptions	
Investment rate of return	4.91%
Blended discount rate method	The discount rate is based on the expected long-term return on the investments that are used to finance the benefit programs
Inflation	3%
Projected salary increases	3%
Health care trend rate	4.5% (4.5% for Medicare age)
Mortality table	RP 2000 combined mortality table projected to 2010 using scale AA

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

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

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

Annual OPEB Costs and Net OPEB Obligation

	2016				2015	
	OCPEBT	Department Share		Total	Department Share	
		Enterprise Fund	Authority Fund		Enterprise Fund	Enterprise Fund
Annual required contribution	\$33,371,059	\$198,828	\$32,200	\$33,975,672	\$35,920,317	\$211,163
Interest on net OPEB obligation	6,854,945	40,882	-	5,264,870	5,990,979	35,219
Adjustment to annual						
Required contribution	(6,292,817)	(37,528)	-	(4,833,132)	(5,499,654)	(32,331)
Annual OPEB cost	33,933,187	202,182	32,200	34,407,410	36,411,642	214,051
Contributions made	(17,811,341)	(124,950)	(11,340)	19,619,034	(18,815,545)	(124,806)
Increase in net OPEB obligation	16,121,846	77,232	20,860	54,026,444	17,596,097	89,245
Net OPEB obligation,						
beginning of year	<u>139,611,965</u>	<u>587,452</u>	-	<u>93,873,033</u>	<u>122,015,868</u>	<u>498,207</u>
end of year	<u>\$155,733,811</u>	<u>\$664,684</u>	<u>\$20,860</u>	<u>\$147,899,477</u>	<u>\$139,611,965</u>	<u>\$587,452</u>

Trend Information

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$33,933,187	\$17,811,341	52.5%	\$155,733,811
2015	36,411,642	18,815,545	51.7	139,611,965
2014	34,407,410	19,619,034	57.0	122,015,868

Reserves

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

IX. A. 3. FUNDED STATUS AND FUNDING PROGRESS

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

IX. B. AUTHORITY OPEB

IX. B. 1. PLAN DESCRIPTION

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

Funding Policies, Contribution Methods and Benefit Provisions

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

Funding Policy

Contribution requirements are actuarially determined and established by the Authority Board. For retirees over age 65, the Authority contributed a subsidy towards medical coverage of retirees 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.

For retirees over age 65, the Authority provides supplemental medicare coverage through a fully insured health plan. Benefits include general inpatient and outpatient medical services and prescription drug coverage.

Membership

	<u>2016</u>	<u>2015</u>
Active members	178	178
Retirees and beneficiaries currently receiving benefits	6	7
	<u>184</u>	<u>185</u>

Annual Required Contributions - Actuarial Assumptions

Provisions for:	
Disability benefits	Yes
Death benefits	Yes
Valuation date	7/1/15
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	N/A
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.

In the July 1, 2015 actuarial valuation, the discount rate for investments was increased to 4.5% from 4.0%. The inflation rate was changed to 3.0% from 2.5% in 2014. Additionally, the mortality table was changed from the 1983 group annuity mortality table for males for 2014 to the RP-2000 fully generational combined male and female mortality table with the projection scale AA for 2015.

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

Annual OPEB Costs and Net OPEB Obligation

	<u>2016</u>	<u>2015</u>
Annual required contribution	\$88,559	\$85,569
Interest on net OPEB obligation	13,856	9,995
Adjustment to annual required contribution	<u>(13,124)</u>	<u>(16,036)</u>
Annual OPEB cost	89,291	79,528
Contributions made	<u>(24,638)</u>	<u>(21,494)</u>
Increase in net OPEB obligation	64,653	58,034
Net OPEB obligation, beginning of year	<u>307,911</u>	<u>249,877</u>
Net OPEB obligation, end of year	<u>\$372,564</u>	<u>\$307,911</u>

Trend Information

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$89,291	\$24,638	27.6%	\$372,564
2015	79,528	21,494	27.0	307,911
2014	73,934	38,652	52.3	249,877

Reserves

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

IX. B. 3. FUNDED STATUS AND FUNDING PROGRESS

Actuarial Value of Plan Assets (AVA)	\$ -
Actuarial Accrued Liability (AAL)	899,336
Unfunded Actuarial Accrued Liability (UAAL)	899,336
Funded Ratio (AVA/AAL)	0%
Covered Payroll (Active Plan Members)	9,274,579
UAAL as a Percentage of Covered Payroll	0%

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

X. COMMITMENTS

Contract Commitments

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 January 4, 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 first amendment was exercised and approved on July 7, 2015 to extend the agreement for one year to June 30, 2016. The amount of the contract is \$48,000 annually plus operating expenses and management incentive fees not to exceed \$96,000 annually.

Oklahoma River Cruises

On July 10, 2009, the 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.

Construction Commitments

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

	<u>2016</u>	<u>2015</u>
	Remaining Commitment	Remaining Commitment
Transportation	\$644,876	\$1,022,844
Parking	107,424	1,635,244
	<u>\$752,300</u>	<u>\$2,658,088</u>

XI. CONTINGENCIES

Federal Grants

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

Litigation

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

Required Supplementary Information

**REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

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

	COTPA Retirement		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension liability			
Service cost	\$516,377	\$537,107	\$509,879
Interest	967,116	885,099	853,491
Changes of benefit terms	468,814	126,372	-
Difference between expected and actual experience of the total pension liability	(240,421)	418,907	-
Changes of assumptions	(1,547,072)	(595,738)	-
Benefit payments, including refunds of employee contributions	<u>(1,030,948)</u>	<u>(830,781)</u>	<u>(767,421)</u>
Net change in total pension liability	(866,134)	540,966	595,949
Pension liability, beginning	<u>16,988,739</u>	<u>16,447,773</u>	<u>15,851,824</u>
Pension liability, ending	<u>\$16,122,605</u>	<u>\$16,988,739</u>	<u>\$16,447,773</u>
Plan Fiduciary Net Position			
Contributions - employer	953,953	518,478	506,258
Contributions - employee	401,187	412,959	428,915
Net investment income	(189,349)	225,040	1,643,961
Benefit payments, including refunds of employee contributions	(1,030,948)	(830,781)	(767,421)
Administrative expense	(134,850)	(113,753)	(63,390)
Other	-	-	(600)
Net change in fiduciary net position	<u>(7)</u>	<u>211,943</u>	<u>1,747,723</u>
Plan fiduciary net position, beginning	<u>11,522,487</u>	<u>11,310,544</u>	<u>9,562,821</u>
Plan fiduciary net position, ending	<u>\$11,522,480</u>	<u>\$11,522,487</u>	<u>\$11,310,544</u>
Net pension (asset) liability, ending	\$4,600,125	\$5,466,252	\$5,137,229
Covered - employee payroll	9,947,437	9,557,433	9,457,557
Net pension liability as a percentage of covered - employee payroll	46.24%	57.19%	54.32%
Plan fiduciary net position as a percentage of total pension liability	71.47%	67.82%	68.77%
Valuation date	7/1/2015	7/1/2014	7/1/2013
Actuarial cost method	Individual entry age normal	Individual entry age normal	Individual entry age normal
Amortization method	Level % of payroll	Level dollar	Level dollar
Amortization period	30 years, open	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%	5.69%	5.34%
Cost of living benefit increases (maximum)	N/A	N/A	N/A
Inflation	2.50%	2.25%	2.50%
Projected salary increases	N/A	N/A	N/A
Mortality table	SOA RP -2000 combined mortality	1983 group annuity mortality tables, scale	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 will be conducted in advance of the next fiscal year end.	An experience study will be performed in advance of 2016 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.

**REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

II. SCHEDULE OF DEPARTMENT SHARE OF NET PENSION LIABILITY (ASSET) (1)(2)

	Oklahoma City Employee Retirement System	
	<u>2016</u>	<u>2015</u>
Department Share	1.07%	1.01%
Department share of the net pension liability (asset)	(\$501,382)	(\$620,266)
Other funds of the City share of the net pension liability (asset)	<u>(46,356,705)</u>	<u>62,032,763</u>
Total net pension liability (asset)	<u>(\$46,858,087)</u>	<u>(\$61,412,497)</u>
Covered - employee payroll	\$127,805,936	\$124,957,446
Covered - employee payroll	1,367,524	1,262,070
Net pension liability as a percentage of covered - employee payroll	-36.66%	-49.15%
Plan fiduciary net position as a percentage of total pension liability	107.52%	110.29%

- (1) Amounts presented above represent the Department's proportionate share presented in Note VII. A. OCERS and are reported for the fiscal year in which they are reported on the financial statements. The net pension liability (asset) is measured as of December 31 and rolled forward to June 30 of the year prior to inclusion in the financial statements.
- (2) 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.

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

FY Ending <u>June 30,</u>	Actuarially Determined Contribution <u>(ADC)</u>	Contributions in Relation to <u>ADC (2)</u>	Contributions Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Actual Contribution As a Percentage of <u>Covered Payroll</u>
	2016	\$298,220	\$953,953	(\$655,733)	\$9,947,437
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
2007	341,016	341,016	-	7,900,000	4

- (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.

IV. SCHEDULE OF DEPARTMENT'S SHARE OF EMPLOYER CONTRIBUTIONS - OKLAHOMA CITY EMPLOYEE RETIREMENT SYSTEM (1)(2)

<u>June 30,</u>	Contractually Required Contribution <u>(CRC) (3)</u>	Contributions in Relation to <u>CRC</u>	Contributions Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Actual Contribution As a Percentage of <u>Covered Payroll</u>
	2016 (4)	\$79,299	\$79,299	\$ -	\$1,321,650
2015	87,816	87,816	-	1,367,524	6
2014	89,604	89,604	-	1,262,070	7

- (1) The amounts reported represent amounts paid and covered payroll for the fiscal year indicated.
- (2) 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.
- (3) Contributions are deferred in the fiscal year reported and recognized in the financial statements in the subsequent year.
- (4) The contractually required contribution for 2016 is estimated and may change upon receipt of the actuarial report.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

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)
7/1/15	\$39,337,227	\$440,232,138	\$400,894,911	9%	\$219,484,135	183%
7/1/14	34,027,895	474,680,748	440,652,853	7	213,091,393	207
7/1/13	26,315,759	451,028,790	424,713,031	6	203,859,835	208

COTPA Other Post-employment Benefits

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)
7/1/15	\$ -	\$899,336	\$899,336	0%	\$9,274,579	10%
7/1/14	-	744,596	744,596	0	9,004,446	8
7/1/11	-	750,493	750,493	0	7,659,048	10

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS

City of Oklahoma City Post-Employment Benefits Trust

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2016	\$17,811,341	\$33,371,059	53%
2015	18,815,545	35,920,317	52
2014	19,619,034	33,975,672	58

COTPA Other Post-employment Benefits

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2016	\$24,638	\$88,559	28%
2015	21,494	85,569	25
2014	38,652	78,556	49

III. NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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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Combining and Individual Fund Statements

Central Oklahoma Transportation and Parking Authority (Authority) Funds

Employee salaries and benefits, certain maintenance and contractual items, certain supplies, administrative chargebacks from the City of Oklahoma City (City), and certain capital asset acquisitions are paid by the Authority's funds. Authority funds also account for long-term leasing, financing, and other certain necessary business activities.

- * **Authority Transportation Fund** – *Used to account for the operations and capital investments; including financing and other business activities, of the Oklahoma City metropolitan public transportation system. Employees include bus operators, mechanics, and certain administrative staff.*
- * **Authority River Cruises Fund** – *Accounts 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.*
- * **Authority Parking Fund** – *Accounts for the stormwater drainage utility established to address Federal mandates governing National Pollution Discharge Elimination System programs. The purpose of the utility is to provide for the development and operation of a stormwater drainage system.*

City (Enterprise) Funds

City employee salaries and benefits, certain maintenance and contractual items, certain supplies, and administrative chargebacks from the City.

- * **Enterprise Transportation Fund** – *Accounts for the City transportation related employees' payroll and benefits, and administrative and internal services chargebacks and is funded by the Authority Transportation Fund.*
- * **Enterprise Parking Fund** – *Accounts for the City parking related employees' payroll and benefits, and administrative and internal services chargebacks and is funded by the Authority Parking Fund.*

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2016			2015	
	Division			Total	Total
	Transportation	River Cruises	Parking	Authority	Authority
ASSETS					
CURRENT ASSETS					
Non-pooled cash-----	\$2,209,371	\$317,091	\$2,468,753	\$4,995,215	\$9,767,636
Investments-----	15,468,268	-	10,025,291	25,493,559	15,284,856
Accounts receivable, net-----	93,823	-	128,062	221,885	283,755
Interest receivable-----	1,244	-	1,072	2,316	1,826
Payable/due from (to) within the Department-----	(502,374)	4,530	(104,402)	(602,246)	(658,520)
Receivable from City of Oklahoma City-----	-	-	49,500	49,500	700,000
Intergovernmental receivables-----	970,775	-	-	970,775	1,360,142
Inventories-----	993,380	1,220	-	994,600	832,579
Prepays-----	56,059	-	1	56,060	49,306
Total current assets-----	19,290,546	322,841	12,568,277	32,181,664	27,621,580
NON-CURRENT ASSETS					
Investments-----	-	-	1,482,553	1,482,553	1,482,711
Prepays-----	10,207	-	-	10,207	2,008
Other-----	69,283	-	-	69,283	69,283
Capital assets:					
Land, art, and construction in progress-----	3,928,145	-	2,754,195	6,682,340	7,153,539
Other capital assets, net of accumulated depreciation-----	21,925,874	4,455,858	44,068,644	70,450,376	69,331,732
Capital assets, net-----	25,854,019	4,455,858	46,822,839	77,132,716	76,485,271
Total non-current assets-----	25,933,509	4,455,858	48,305,392	78,694,759	78,039,273
Total assets-----	45,224,055	4,778,699	60,873,669	110,876,423	105,660,853
DEFERRED OUTFLOWS OF RESOURCES-----	1,302,337	-	-	1,302,337	557,477
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued expenses-----	1,761,089	6,071	656,553	2,423,713	2,697,677
Wages and benefits payable-----	746,157	-	-	746,157	399,938
Payable to component units-----	-	25	-	25	-
Payable to City of Oklahoma City-----	312,430	404	57,129	369,963	87,783
Compensated absences-----	211,489	-	-	211,489	236,966
Notes, lease obligations,					
Unearned revenue-----	105	141,743	23,524	165,372	147,235
Bond interest payable-----	-	-	430,775	430,775	433,386
Bonds payable-----	-	-	615,000	615,000	610,000
Total current liabilities-----	3,031,270	148,243	1,782,981	4,962,494	4,612,985
NON-CURRENT LIABILITIES					
Compensated absences-----	232,783	-	-	232,783	394,038
Unearned revenue-----	-	700,256	-	700,256	836,250
Bonds payable-----	-	-	20,195,000	20,195,000	20,810,000
Net pension liability-----	5,466,252	-	-	5,466,252	5,137,229
Net other post-employment benefit obligation-----	393,424	-	-	393,424	307,911
Total non-current liabilities-----	6,092,459	700,256	20,195,000	26,987,715	27,485,428
Total liabilities-----	9,123,729	848,499	21,977,981	31,950,209	32,098,413
DEFERRED INFLOWS OF RESOURCES-----	625,030	-	-	625,030	776,778
NET POSITION					
Net investment in capital assets-----	25,525,012	4,455,860	26,103,303	56,084,175	54,072,820
Restricted for debt service-----	-	-	2,097,553	2,097,553	2,094,785
Unrestricted-----	11,252,621	(525,660)	10,694,832	21,421,793	17,175,534
Total net position-----	\$36,777,633	\$3,930,200	\$38,895,688	\$79,603,521	\$73,343,139

**SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
AUTHORITY FUNDS**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

For the Years Ended June 30,

	2016			2015	
	Division			Total	Total
	Transportation	River Cruises	Parking	Authority	Authority
<u>OPERATING REVENUES</u>					
<u>CHARGES FOR SERVICES</u>					
Transportation charges-----	\$2,977,541	\$ -	\$ -	\$2,977,541	\$2,929,759
River cruise charges-----	-	107,194	-	107,194	119,606
Parking-----	-	-	8,365,065	8,365,065	8,382,416
Other charges-----	966	-	-	966	51
Total charges for services-----	2,978,507	107,194	8,365,065	11,450,766	11,431,832
Lease and rental income-----	119,109	-	130,896	250,005	148,458
Other-----	292,484	41	5,488	298,013	490,349
Total operating revenues-----	3,390,100	107,235	8,501,449	11,998,784	12,070,639
<u>OPERATING EXPENSES</u>					
Personal services-----	13,780,555	-	-	13,780,555	13,107,045
Maintenance, operations, and contractual services-----	6,689,225	908,999	3,183,261	10,781,485	11,516,228
Materials and supplies-----	3,216,034	28,355	102,354	3,346,743	3,601,861
Depreciation-----	2,460,556	275,967	1,498,580	4,235,103	3,652,405
Total operating expenses-----	26,146,370	1,213,321	4,784,195	32,143,886	31,877,539
Payments/transfers within the Department-----	(2,293,299)	(24,752)	(192,381)	(2,510,432)	(1,881,884)
Operating income (loss)-----	(25,049,569)	(1,130,838)	3,524,873	(22,655,534)	(21,688,784)
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Non-capital contributions-----	282,189	136,099	-	418,288	133,000
Grants operating-----	9,728,265	-	-	9,728,265	9,071,837
Investment income-----	38,623	49	29,715	68,387	15,437
Interest on bonds-----	-	-	(861,549)	(861,549)	(577,847)
Payments from Oklahoma City Riverfront Redevelopment Authority-----	-	25,000	-	25,000	50,000
Payments from Oklahoma City Economic Development Trust-----	-	-	1,112,000	1,112,000	1,000,000
Payments from City of Oklahoma City-----	16,332,835	725,566	238,500	17,296,901	18,415,566
Other revenues (expenses)-----	(327,390)	5,875	-	(321,515)	17,480
Net non-operating revenues-----	26,054,522	892,589	518,666	27,465,777	28,125,473
Income (loss) before contributions-----	1,004,953	(238,249)	4,043,539	4,810,243	6,436,689
<u>CONTRIBUTIONS</u>					
Capital contributions-----	-	-	978,000	978,000	-
Grants capital-----	237,793	-	-	237,793	256,088
Other capital contributions-----	137,538	90,000	6,808	234,346	10,000
Total contributions-----	375,331	90,000	984,808	1,450,139	266,088
Changes in net position-----	1,380,284	(148,249)	5,028,347	6,260,382	6,702,777
Total beginning net position, as previously reported-	35,397,349	4,078,449	33,867,341	73,343,139	73,112,181
Change in accounting principle-----	-	-	-	-	(6,471,819)
Total net position, beginning, as restated-----	35,397,349	4,078,449	33,867,341	73,343,139	66,640,362
Total net position, ending-----	\$36,777,633	\$3,930,200	\$38,895,688	\$79,603,521	\$73,343,139

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2016			2015	
	Division			Total	Total
	Transportation	River Cruises	Parking	Authority	Authority
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash received from customers-----	\$3,381,825	\$116,082	\$8,580,982	\$12,078,889	\$12,098,900
Cash payments to suppliers for goods and services-----	(7,252,729)	(932,278)	(2,748,489)	(10,933,496)	(11,635,952)
Cash payments to employees and professional contractors for services-----	(14,088,289)	-	-	(14,088,289)	(13,719,725)
Cash payments for internal services-----	(2,657,419)	-	(209,449)	(2,866,868)	(2,657,995)
Cash payments from City of Oklahoma City for operations-----	16,368,831	-	189,000	16,557,831	-
Cash payments within the Department/Authority for operations-----	(2,236,986)	(15,733)	(266,966)	(2,519,685)	(1,755,793)
Other cash receipts-----	282,189	5,875	-	288,064	49,994
Net cash provided (used) by operating activities-----	(6,202,578)	(826,054)	5,545,078	(1,483,554)	(17,620,571)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>					
Cash received from operating grants-----	10,016,654	-	-	10,016,654	9,153,404
Non-capital financing payments from component units-----	-	25,000	-	25,000	1,050,000
Non-capital financing payments from City of Oklahoma City-----	-	725,566	-	725,566	17,715,566
Net cash provided (used) by non-capital financing activities-----	10,016,654	750,566	-	10,767,220	27,918,970
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>					
Payments for acquisition and construction of capital assets-----	(1,557,545)	-	(3,349,748)	(4,907,293)	(14,630,155)
Principal paid on long-term debt-----	-	-	(610,000)	(610,000)	(580,000)
Interest paid on long-term debt-----	-	-	(864,160)	(864,160)	(868,818)
Capital financing payments from component units-----	10,319	-	1,112,000	1,122,319	-
Capital financing payments from City of Oklahoma City-----	984,420	90,000	-	1,074,420	10,000
Capital financing payments to City of Oklahoma City-----	(35,996)	-	6,808	(29,188)	-
Capital grants and contributions received-----	298,463	-	-	298,463	539,996
Net cash provided (used) by capital and related financing activities-----	(300,339)	90,000	(3,705,100)	(3,915,439)	(15,528,977)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Purchase of investments-----	(23,442,004)	-	(27,032,416)	(50,474,420)	(33,587,507)
Proceeds from sale of investments-----	15,987,126	-	24,305,751	40,292,877	30,965,055
Investment income received-----	21,248	49	19,598	40,895	9,990
Purchased interest-----	-	-	-	-	(1,243)
Net cash provided by investing activities-----	(7,433,630)	49	(2,707,067)	(10,140,648)	(2,613,705)
Net increase (decrease) in cash-----	(3,919,893)	14,561	(867,089)	(4,772,421)	(7,844,283)
Cash, beginning-----	6,129,264	302,530	3,335,842	9,767,636	17,611,919
Cash, ending-----	\$2,209,371	\$317,091	\$2,468,753	\$4,995,215	\$9,767,636

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2016			2015	
	Division			Total	Total
	Transportation	River Cruises	Parking	Authority	Authority
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)-----	(\$25,049,569)	(\$1,130,838)	\$3,524,873	(\$22,655,534)	(\$21,688,784)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO					
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Depreciation-----	2,460,556	275,967	1,498,580	4,235,103	3,652,405
Other revenue (expense)-----	16,651,020	5,874	238,500	16,895,394	49,994
Change in accounting principle-----	-	-	-	-	(6,471,819)
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable-----	(8,272)	-	70,138	61,866	53,930
(Increase) decrease in due from other funds-----	(10,090)	9,044	1,046	-	(13,574)
(Increase) decrease in receivable from City of Oklahoma City-----	-	-	(49,749)	(49,749)	-
(Increase) decrease in inventories-----	(163,268)	1,247	-	(162,021)	(38,807)
(Increase) decrease in prepaid assets-----	(14,952)	-	(1)	(14,953)	(771)
(Increase) decrease in net pension asset-----	-	-	-	-	689,074
(Increase) decrease in deferred outflows-----	(744,860)	-	-	(744,860)	(557,477)
Increase (decrease) in accounts payable and accrued expenses-----	237,687	3,375	209,939	451,001	849,006
Increase (decrease) in wages and benefits payable-----	346,226	-	-	346,226	14,536
Increase (decrease) in due to other funds-----	-	-	-	-	13,574
Increase (decrease) in payable to component unit-----	-	25	-	25	-
Increase (decrease) in payable to City of Oklahoma City-----	16,889	404	42,358	59,651	(136,502)
Increase (decrease) in compensated absences-----	(186,733)	-	-	(186,733)	(7,292)
Increase (decrease) in net pension liability-----	329,023	-	-	329,023	5,137,229
Increase (decrease) in net other post-employment benefit obligation-----	85,513	-	-	85,513	58,034
Increase (decrease) in unearned revenue-----	-	8,848	9,394	18,242	-
Increase (decrease) in deferred inflows-----	(151,748)	-	-	(151,748)	776,673
Total adjustments-----	18,846,991	304,784	2,020,205	21,171,980	4,068,213
Net cash provided (used) by operating activities-----	(\$6,202,578)	(\$826,054)	\$5,545,078	(\$1,483,554)	(\$17,620,571)
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Net increase (decrease) in fair value of investments-----	\$ -	\$ -	\$9,630	\$9,630	\$4,615
Donated assets-----	-	-	978,000	978,000	-
Total non-cash investing, capital, and financing activities-----	\$ -	\$ -	\$987,630	\$987,630	\$4,615

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	<u>2016</u>		<u>2015</u>	
	<u>Division</u>		<u>Total</u>	<u>Total</u>
	<u>Transportation</u>	<u>Parking</u>	<u>Enterprise</u>	<u>Enterprise</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Pooled cash-----	\$8,197	\$3,531	\$11,728	\$3,276
Investments-----	155,351	69,264	224,615	102,388
Interest receivable-----	535	239	774	248
Payable/due from (to) within the Department-----	527,844	74,402	602,246	658,520
Inventories-----	-	6,210	6,210	7,222
Total current assets-----	<u>691,927</u>	<u>153,646</u>	<u>845,573</u>	<u>771,654</u>
<u>NON-CURRENT ASSETS</u>				
Net pension asset-----	412,351	89,030	501,381	620,266
Total assets-----	<u>1,104,278</u>	<u>242,676</u>	<u>1,346,954</u>	<u>1,391,920</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u> -----	<u>65,218</u>	<u>14,081</u>	<u>79,299</u>	<u>82,891</u>
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts payable and accrued expenses-----	-	13,303	13,303	7,253
Wages and benefits payable-----	78,694	12,200	90,894	67,944
Payable to City of Oklahoma City-----	-	47,227	47,227	108
Compensated absences-----	95,462	13,036	108,498	100,755
Total current liabilities-----	<u>174,156</u>	<u>85,766</u>	<u>259,922</u>	<u>176,060</u>
<u>NON-CURRENT LIABILITIES</u>				
Compensated absences-----	262,787	30,560	293,347	252,858
Net other post-employment benefit obligation-----	561,241	103,443	664,684	587,452
Total non-current liabilities-----	<u>824,028</u>	<u>134,003</u>	<u>958,031</u>	<u>840,310</u>
Total liabilities-----	<u>998,184</u>	<u>219,769</u>	<u>1,217,953</u>	<u>1,016,370</u>
<u>DEFERRED INFLOWS OF RESOURCES</u> -----	<u>171,312</u>	<u>36,988</u>	<u>208,300</u>	<u>458,441</u>
<u>NET POSITION (DEFICIT)</u>				
Total net position (deficit)-----	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
ENTERPRISE FUNDS**

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

For the Years Ended June 30,

	<u>2016</u>		<u>2015</u>	
	<u>Division</u>		<u>Total</u>	<u>Total</u>
	<u>Transportation</u>	<u>Parking</u>	<u>Enterprise</u>	<u>Enterprise</u>
<u>OPERATING EXPENSES</u>				
Personal services-----	\$1,976,333	\$324,841	\$2,301,174	\$2,083,459
Maintenance, operations, and contractual services-----	373,586	101,637	475,223	218,094
Materials and supplies-----	-	31,467	31,467	16,984
Depreciation-----	-	-	-	2,242
Total operating expenses-----	2,349,919	457,945	2,807,864	2,320,779
Payments/transfers within the Department-----	2,348,051	162,381	2,510,432	1,881,884
Operating loss-----	(1,868)	(295,564)	(297,432)	(438,895)
<u>NON-OPERATING REVENUE</u>				
Investment income-----	1,868	1,563	3,431	1,609
Payments from City of Oklahoma City-----	-	294,001	294,001	309,026
Other revenue (expenses)-----	-	-	-	(1,723)
Net non-operating revenue-----	1,868	295,564	297,432	308,912
Changes in net position-----	-	-	-	(129,983)
Total beginning net position, as previously reported-----	-	-	-	3,966
Change in accounting principle-----	-	-	-	126,017
Total net assets, beginning, as restated-----	-	-	-	129,983

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

**OKLAHOMA CITY PUBLIC TRANSPORTATION
AND PARKING DEPARTMENT**

	2016		2015	
	Division		Total	Total
	<u>Transportation</u>	<u>Parking</u>	<u>Enterprise</u>	<u>Enterprise</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash payments to suppliers for goods and services-----	(\$328,175)	(\$104,611)	(\$432,786)	(\$87,331)
Cash payments to employees and professional contractors for services-----	(1,839,643)	(316,168)	(2,155,811)	(1,971,017)
Cash payments for internal services-----	-	(16,488)	(16,488)	(24,276)
Cash payments to component units for operations-----	-	-	-	-
Cash payments from City of Oklahoma City for operations-----	-	-	-	-
Cash payments within the Department/Authority for operations-----	2,291,738	100,000	2,391,738	1,771,332
Net cash provided (used) by operating activities-----	123,920	(337,267)	(213,347)	(311,292)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>				
Non-capital financing payments from City of Oklahoma City-----	-	341,119	341,119	349,026
Net cash provided (used) by non-capital financing activities-----	-	341,119	341,119	349,026
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Changes in pooled investments-----	(118,532)	(3,695)	(122,227)	(36,146)
Investment income received-----	1,480	1,498	2,978	1,566
Purchased interest-----	(57)	(14)	(71)	(3)
Net cash provided (used) by investing activities-----	(117,109)	(2,211)	(119,320)	(34,583)
Net increase (decrease) in cash-----	6,811	1,641	8,452	3,151
Cash, beginning-----	1,386	1,890	3,276	125
Cash, ending-----	\$8,197	\$3,531	\$11,728	\$3,276
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
Operating income (loss)-----	(\$1,868)	(\$295,564)	(\$297,432)	(\$438,895)
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
Depreciation-----	-	-	-	2,242
Change in accounting principle-----	-	-	-	126,017
Changes in assets and liabilities:				
(Increase) decrease in due from other funds-----	-	-	-	(1,023)
(Increase) decrease in receivable from component units-----	95,084	(39,058)	56,026	136,074
(Increase) decrease in inventories-----	-	1,012	1,012	7,130
(Increase) decrease in net pension asset-----	91,231	27,653	118,884	(620,266)
(Increase) decrease in deferred outflows-----	2,080	1,512	3,592	(82,891)
Increase (decrease) in accounts payable and accrued expenses-----	(328)	6,382	6,054	(4,399)
Increase (decrease) in wages and benefits payable-----	22,558	387	22,945	7,910
Increase (decrease) in due to other funds-----	-	-	-	(753)
Increase (decrease) in payable to component unit-----	-	249	249	-
Increase (decrease) in compensated absences-----	51,228	(2,994)	48,234	9,876
Increase (decrease) in net other post-employment benefit obligation-----	64,823	12,407	77,230	89,245
Increase (decrease) in deferred inflows-----	(200,888)	(49,253)	(250,141)	458,441
Total adjustments-----	125,788	(41,703)	84,085	127,603
Net cash provided (used) by operating activities-----	\$123,920	(\$337,267)	(\$213,347)	(\$311,292)

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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*

Chairman and Board of Trustees of the Central Oklahoma Transportation and Parking Authority
Honorable Mayor and City Council of the City of Oklahoma City
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 Oklahoma City Public Transportation and Parking Department (the Department), including the Central Oklahoma Transportation and Parking Authority which is a discretely presented component unit of the City of Oklahoma City, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 18, 2016.

Internal Control over Financial Reporting

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control on compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department'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 Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

November 18, 2016
Wichita, Kansas

