Oklahoma City Public Property Authority

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

Annual Financial Report | for the Fiscal Year ended June 30, 2016

THE OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

A Blended Component Unit of
Oklahoma City, Oklahoma

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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

THE OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

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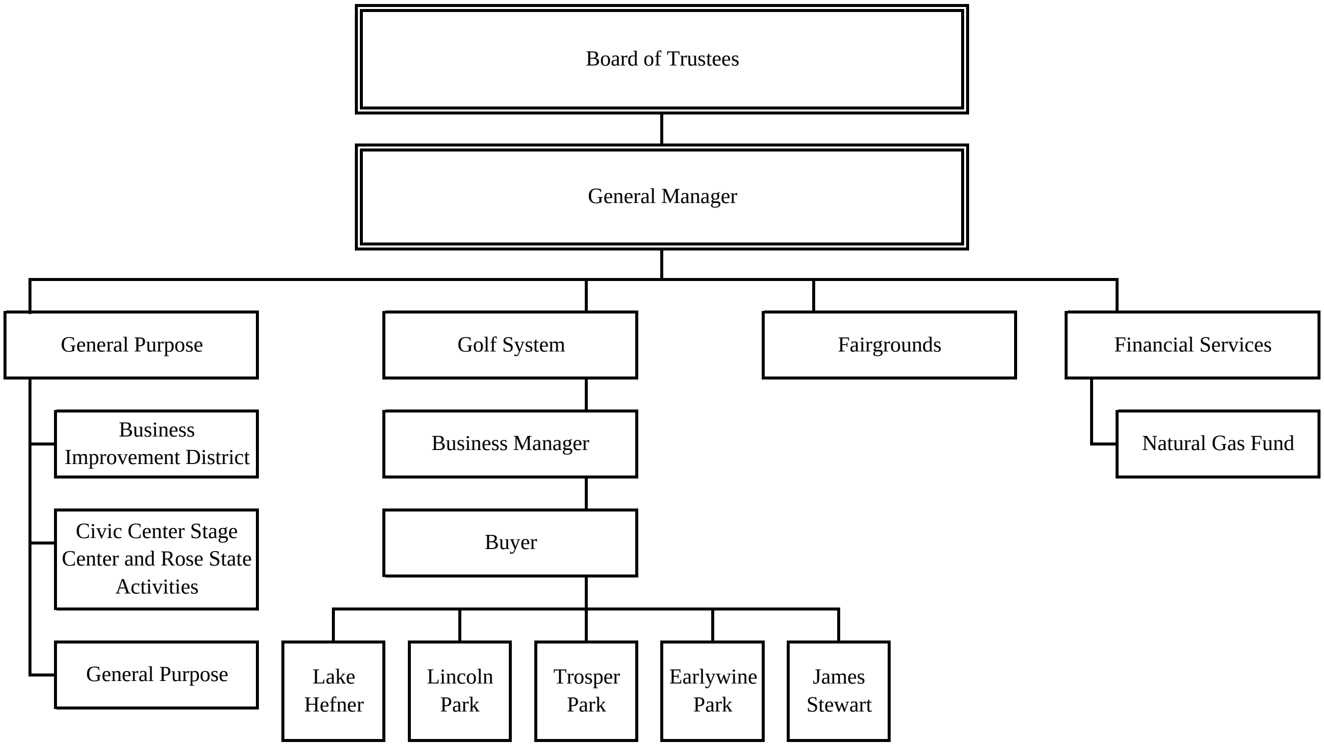

Introductory Section

The City of
OKLAHOMA CITY
DEPARTMENT OF FINANCE

November 18, 2016

The Board of Trustees
Oklahoma City Public Property Authority

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

The Authority's annual report includes the independent auditor's reports, management's discussion and analysis (MD&A), Authority-wide, fund, and combining financial statements, related notes, and required supplementary information. Management's narrative on the financial activities of the Authority for the fiscal year ended June 30, 2016, is in the MD&A section of this report, immediately following the independent auditor's report on financial statements and supplementary information. The Authority's reporting entity is comprised of financial and operating activities conducted within the legal framework of the Authority. Only funds within that framework are included. The Authority is a blended component unit of the City of Oklahoma City (City) and, as such, is included within the funds of the City's Comprehensive Annual Financial Report (CAFR).

The Authority, a public trust, was created and exists by trust indenture dated August 15, 1961, pursuant to the provision of Title 60, Section 176 to 180 of the Oklahoma Statutes 1951, and the Oklahoma Trust Act. The property is held and administered by the Authority for the use and benefit of the City under the terms of the trust indenture. The City's Mayor and Council serve as the Authority's Trustees and the City Manager is the General Manager.

Services and activities of the Authority provided on behalf of the City include financing and operation of five municipal golf courses, the Oklahoma City Fairgrounds, Cox Convention Center, Chesapeake Energy Arena, Civic Center Music Hall, and other City buildings. The Authority uses City hotel/motel tax collections to fund debt service on bonds issued for fairgrounds improvements.

In January 1966 the Golf Commission was created by the Authority to establish plans and recommend policies for the operation, maintenance, and construction of the golf courses and related facilities and activities.

The Authority uses fees collected by the City to provide improvements and special services for property owners in City business improvement districts. Property owners are assessed fees to fund these services. There are currently four business improvement districts in the City including Downtown, Stockyards, Western Avenue, and Capitol Hill.

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 their 2016 list of "Best Cities for Jobs" and No. 3 in their study for "Best Large Cities to Start a Business". The list for best cities for jobs was based on factors such as hiring opportunity, cost of living and job satisfaction while the list for best large cities to start a business was focused on metrics such as office-space affordability and educational attainment of the local labor force.

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 2016. 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 Authority participates in the City's comprehensive accounting and budgetary system. Interim financial statements provide Authority management and other interested readers with regular financial analyses. Additionally, the Authority's management maintains budgetary controls to ensure effective financial oversight.

By City Council resolution, public trusts of which the City is the beneficiary are encouraged to use the independent auditors competitively selected by the City. In compliance with that resolution, the Authority engaged AGH, L.C. to conduct its annual audit. The Authority acknowledges the professional and competent services of its independent auditors.

Respectfully submitted,

James D. Couch City of Oklahoma City, General Manager	Craig Freeman City of Oklahoma City, Finance Director	Laura L. Papas City of Oklahoma City, Controller

Financial Section

CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Oklahoma City Public Property Authority
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Oklahoma City Public Property Authority (the Authority), a blended 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 Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 governmental activities, the business-type activities, and each major fund of the Authority 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.

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

Emphasis of Matter

As discussed in *Note I.D.1.* to the financial statements, in 2016, the Authority 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis 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 Authority's basic financial statements. The combining financial statements as listed in the table of contents are presented for purposes of additional analysis and are 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 Authority's basic financial statements. The accompanying transmittal letter is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Authority's internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

November 18, 2016
Wichita, KS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Oklahoma City Public Property Authority (Authority) annual financial report, the Authority's management provides narrative discussion and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2016. The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Additional information is available in the transmittal letter which precedes this discussion and analysis. The Authority is a blended component unit of the City of Oklahoma City.

Financial Summary

- Authority assets and deferred outflows exceeded liabilities and deferred inflows by $80,871,015 (net position) for 2016. This compares to the previous year when assets exceeded liabilities by $87,785,226.

- Total liabilities for the Authority increased by $17,434,923 to $122,191,707 during the fiscal year.

- Total net position is comprised of the following:
  (1) Net investment in capital assets of $70,822,326 include property and equipment, net of accumulated depreciation and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Restricted net position of $4,061,853 is restricted for capital projects and debt service.
  (3) Restricted net position of $2,320,755 is restricted for public service.
  (4) Restricted net position of $2,476,855 is restricted for culture and recreation.
  (5) Unrestricted net position is $1,189,226.

- The Authority's governmental fund reported total ending fund balance of $12,713,981 this year. This compares to the prior year ending fund balance of $12,942,985, showing a decrease of $229,004 during the current year.

Overview of the Financial Statements

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

Authority-wide Financial Statements

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

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

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

Both Authority-wide financial statements distinguish governmental activities from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities column includes general government functions supporting public services and culture and recreation activities, including economic development reported in the Authority's governmental fund. Business-type activities include golf courses, fairgrounds, and financial services.

Fund Financial Statements
A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. All Authority funds are reported as major funds.

Governmental Fund
The governmental fund is reported in the fund financial statements and reports public services and culture and recreation functions as reported in the Authority-wide financial statements. Fund statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements and the commitment of spendable resources for the near-term.

Since the Authority-wide financial statements focus includes the long-term view, comparisons between the two perspectives may provide useful insights. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to assist in understanding the differences between these two perspectives.

Proprietary Funds
Proprietary funds are reported in the fund financial statements and generally report services for which the Authority charges customers a fee. The Authority reports these as enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the Authority-wide financial statements. Services of enterprise funds are provided to customers external to the Authority such as public golf courses.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the Authority-wide financial statements. Individual golf course information which comprises the Golf Courses Fund is found in the combining statements in a later section of this report.

Notes to the Financial Statements
The accompanying notes to the financial statements provide information essential to gain a full understanding of the Authority-wide and fund 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's progress in funding its obligation to provide pension and other post-employment benefits to its employees, including employees of the Authority.

Financial Analysis

Governmental activities support public services, parks, and public events, including economic development projects. The Authority contracts with Superior Management Group (SMG), an outside firm for the management and operation of the Cox Convention Center and the Chesapeake Energy Arena. The Civic Center Music Hall and certain activities related to the downtown canal are classified as other cultural and recreational venues administered through the Authority. The City’s business improvement district service contracts are also administered through the Authority. These activities are subsidized by the City.

Business-type activities are primarily comprised of five public golf courses, fairgrounds and central financing services that receive support from the City.

Due to statutory restrictions on the City, using the Authority as an administrative and financing vehicle allows the City to engage in multi-year contracts.

The Authority's net position at fiscal year-end is $80,871,015. This is a decrease of $6,914,211 from last year's net position. Overall the Authority's financial position declined during fiscal year 2016.

Summary of Net Position

	Governmental Activities		Business-type Activities		Totals		
	2016	2015	2016	2015	2016	2015	% Change
Assets							
Current assets	$23,877,287	$20,777,797	$27,050,967	$9,989,226	$50,928,254	$30,767,023	65.5%
Capital assets, net	86,501,535	89,381,598	63,597,162	70,051,607	150,098,697	159,433,205	(5.9)
Other non-current assets	-	-	2,446,872	2,950,079	2,446,872	2,950,079	(17.1)
Total assets	**110,378,822**	**110,159,395**	**93,095,001**	**82,990,912**	**203,473,823**	**193,150,307**	5.3
Deferred outflows	**-**	**-**	**132,499**	**136,102**	**132,499**	**136,102**	(2.6)
Liabilities							
Current liabilities	11,400,704	7,792,040	6,332,601	6,435,298	17,733,305	14,227,338	24.6
Non-current liabilities	3,836,654	4,040,005	100,621,748	86,489,441	104,458,402	90,529,446	15.4
Total liabilities	**15,237,358**	**11,832,045**	**106,954,349**	**92,924,739**	**122,191,707**	**104,756,784**	16.6
Deferred inflows	**-**	**-**	**543,600**	**744,399**	**543,600**	**744,399**	(27.0)
Net position (deficit)							
Net investment in capital assets	86,321,087	88,987,589	(15,498,761)	(12,744,784)	70,822,326	76,242,805	(7.1)
Restricted for:							
Capital projects	669,118	425,627	990	-	670,108	425,627	57.4
Debt service	-	-	3,391,745	3,781,066	3,391,745	3,781,066	(10.3)
Public services	2,320,755	2,941	-	-	2,320,755	2,941	78810.4
Culture and recreation	2,476,855	2,893,794	-	-	2,476,855	2,893,794	(14.4)
Unrestricted	3,353,649	6,017,399	(2,164,423)	(1,578,406)	1,189,226	4,438,993	(73.2)
Total net position (deficit)	**$95,141,464**	**$98,327,350**	**($14,270,449)**	**($10,542,124)**	**$80,871,015**	**$87,785,226**	(7.9)

Current assets increased by $3.10 million in governmental activities and $17.06 million in business-type activities. Governmental activities cash and investments increased $3.83 million. Accounts receivable increased $215 thousand primarily related to timing of event related receivables at the Chesapeake Energy Arena and Cox Convention Center. Business-type activities cash and investments increased $17.58 million primarily due to the issuance of Series 2015 fairgrounds bonds.

Capital assets, net of accumulated depreciation, decreased $2.88 million and $6.45 million in governmental and business-type activities, related to normal depreciation of $4.43 million and $7.21 million, net of acquisition and construction costs of $1.55 million and $751 thousand, respectively.

Total liabilities increased $3.41 million in governmental activities primarily from $2.07 million of SMG payables, unearned revenue increases of $71 thousand from wireless providers for their use of the digital antenna system (DAS), and $810 thousand in advances from the City General Fund and City MAPS Operations Fund for the upgrades to the DAS. Business-type activities increased $14.03 million primarily due to increases in bonds payable of $14.70 million related to the issuance of Series 2015 fairgrounds bonds.

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Totals		
	2016	2015	2016	2015	2016	2015	% Change
Revenues							
Charges for services	$19,398,802	$20,348,849	$9,906,004	$9,864,396	$29,304,806	$30,213,245	(3.0%)
Operating grants and contributions	5,091,379	6,694,167	9,108,252	8,737,689	14,199,631	15,431,856	(8.0)
Capital grants and contributions	318	-	-	-	318	-	1.0
General revenues	1,518,737	404,352	7,894	7,213	1,526,631	411,565	270.9
Total revenues	**26,009,236**	**27,447,368**	**19,022,150**	**18,609,298**	**45,031,386**	**46,056,666**	(2.2)
Expenses							
General government	2,027,851	123,214	-	-	2,027,851	123,214	1545.8
Public services	1,180,560	1,156,809	-	-	1,180,560	1,156,809	2.1
Culture and recreation	25,848,504	26,174,390	-	-	25,848,504	26,174,390	(1.2)
Economic development	194	139	-	-	194	139	39.6
Interest on long-term debt	138,013	127,348	-	-	138,013	127,348	8.4
Golf courses	-	-	10,409,487	10,086,045	10,409,487	10,086,045	3.2
Fairgrounds	-	-	11,665,169	12,712,129	11,665,169	12,712,129	(8.2)
Financial services	-	-	675,819	1,075,871	675,819	1,075,871	(37.2)
Total expenses	**29,195,122**	**27,581,900**	**22,750,475**	**23,874,045**	**51,945,597**	**51,455,945**	1.0
Changes in net position	**(3,185,886)**	**(134,532)**	**(3,728,325)**	**(5,264,747)**	**(6,914,211)**	**(5,399,279)**	(28.1)
Beginning net position (deficit)							
As previously reported	98,327,350	100,841,830	(10,542,124)	(5,481,999)	87,785,226	95,359,831	(7.9)
Change in accounting principle	-	-	-	204,622	-	204,622	(100.0)
Prior period adjustment	-	(2,379,948)	-	-	-	(2,379,948)	100.0
As restated	98,327,350	98,461,882	(10,542,124)	(5,277,377)	87,785,226	93,184,505	(5.8)
Ending net position (deficit)	**$95,141,464**	**$98,327,350**	**($14,270,449)**	**($10,542,124)**	**$80,871,015**	**$87,785,226**	(7.9)

Charges for services decreased $2.01 million in governmental activities primarily for decreases of $1.81 million in public events charges. Business-type activities increased $42 thousand related to an increase in Golf Courses Fund revenue of $451 thousand from increased rounds played, offset by an decrease of $409 thousand in natural gas charges in the Financial Services Fund related to a downturn in natural gas prices nationwide.

Governmental expenses increased $1.61 million in the current year. This is comprised of an increase in general government expenses of $1.90 million, of which $1.21 million was for payments to the City General Fund and City MAPS Operations Fund to provide financing for DAS improvements and $846 thousand for payments to the City Capital Improvements Fund to provide financing for Chesapeake Energy Arena improvements. Public services remained relatively constant increasing $24 thousand. Interest on long term debt increased $11 thousand related to scheduled debt service payments. There was a decrease in culture and recreation of $326 thousand, primarily due to a decrease of $1.01 million for capital outlay, offset by increases in concessions of $725 thousand.

Business-type expenses decreased $1.12 million compared to the prior year. Golf course expenses increased $323 thousand primarily due to decrease in non-capital furniture and equipment rentals at Lincoln Park Golf Course. Fairgrounds expenses decreased $1.05 million mainly due to decreased depreciation of $537 thousand and decreased loss on disposal related to assets disposed of $633 thousand in 2015 related to the biennial inventory of capital assets. Financial services decreased $400 thousand due to lower natural gas prices.

A $205 thousand change in accounting principle was reported in fiscal year 2015 as a result of the implementation of Governmental Accounting Standards Board statement number 68. A prior period adjustment was made to record accumulated depreciation through June 30, 2014 of $2.38 million for capital assets not previously depreciated in governmental type activities. The prior period adjustment had no effect on previously reported fund balances.

Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2016, was $86,501,535 and $63,597,162, respectively.

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals		
	2016	2015	2016	2015	2016	2015	% Change
Non-Depreciable Assets							
Construction in progress	$201,507	$1,250,333	$81,548	$ -	$283,055	$1,250,333	(77.4%)
Land	8,295,215	7,352,642	2,004,837	2,004,837	10,300,052	9,357,479	10.1
Total non-depreciable assets	**8,496,722**	**8,602,975**	**2,086,385**	**2,004,837**	**10,583,107**	**10,607,812**	(0.2)
Depreciable Assets							
Buildings	41,751,845	42,327,119	31,385,781	32,245,790	73,137,626	74,572,909	(1.9)
Improvements other than buildings	30,368,892	31,866,661	27,994,262	33,767,965	58,363,154	65,634,626	(11.1)
Furniture, machinery, and equipment	5,884,076	6,584,843	2,130,734	2,033,015	8,014,810	8,617,858	(7.0)
Total depreciable assets	**78,004,813**	**80,778,623**	**61,510,777**	**68,046,770**	**139,515,590**	**148,825,393**	(6.3)
Total	**$86,501,535**	**$89,381,598**	**$63,597,162**	**$70,051,607**	**$150,098,697**	**$159,433,205**	(5.9)

Construction in progress for governmental funds decreased by $1.05 million. Capital outlay in governmental activities included the elements for the Land Run Monument of $711 thousand, facility upgrades of $97 thousand for the Chickasaw Bricktown Ballpark, stage and platform system upgrades at both the Chesapeake Energy Arena and Cox Convention Center of $165 thousand, and family lounge facility upgrades of $70 thousand and sound system upgrades of $197 thousand at the Chesapeake Energy Arena.

Business-type construction in progress increased $82 thousand. There were ongoing construction projects at the fairgrounds of $589 thousand. Construction at the fairgrounds included $402 thousand related to work on the computer network upgrade and $178 thousand related to equipment purchases including a video system and a security fence. There was capital outlay of $131 thousand for landscaping and maintenance equipment at the municipal golf courses, including several mowers, a sprayer, a rotary cutter and a utility vehicle, and final construction costs of $78 thousand for the club house at Lincoln Park Golf Course. See Note II. F. for more information regarding capital assets.

Long-term Debt

Advances

At the end of the fiscal year the Authority had total advances outstanding of $3,569,591. See Note VI. A. for more information regarding advances.

Advances from Oklahoma City Municipal Facilities Authority (OCMFA)
The Authority Golf Course Funds have received several advances from OCMFA for cart loans. In January of 2015, the Authority received $1,088,943 for the purchase of golf carts at Lake Hefner Golf Course and Lincoln Park Golf Course. As of June 30, 2016, there was an outstanding balance of $810,471.

Advances from the City General Fund and City City and Schools Use Tax Fund
On October 14, 2008, the Authority received $1,031,653 from the City. The funds were used to repay the line of credit related to tax incremental financing district #6 over a 21 year period at an interest rate of 2%. The balance of the loan at June 30, 2016, is $919,953.

On February 16, 2010, the Authority received $3.20 million from the City to fund Cox Convention Center facility renovations and improvements. The replenishment to the City will be repaid over a 10-year period. The balance of the loan at June 30, 2016, is $1.99 million, with accrued interest of $23 thousand.

Advances from the City General Fund and City MAPS Operations Fund
On February 25, 2013, $1,610,000 was transferred from the City General Fund and City MAPS Operations Fund in the amounts of $900,000, and $710,000, respectively, to fund DAS improvements. These loans are repaid from DAS revenues received by the Authority. The advance is non-interest bearing. At June 30, 2016, the balance due the City General Fund and City MAPS Operations Fund are $500,000 and $310,000, respectively.

Notes Payable
At the end of the fiscal year the Authority had total notes payable of $168,857. See Note III. C. for more information regarding notes payable.

On May 11, 2006, the Authority issued a capital improvement note for the underground improvement project for $2 million. The outstanding balance on the note for underground improvement is $169 thousand at June 30, 2016.

Revenue Bonds
At the end of the fiscal year the Authority had total outstanding bonded debt of $84,660,000 including fairgrounds bonded debt outstanding of $71,095,000 and golf bonded debt of $13,565,000. This debt is supported by pledged revenues from the business type activities of the Authority. See Note III. D. for more information regarding revenue bonds.

Outstanding Long-term Debt

	2016	2015	2016 - 2015 Amount of Change	2016 - 2015 % Change
Advances	$3,569,591	$3,788,703	($219,112)	(5.8%)
Notes payable	168,857	290,972	(122,115)	(42.0)
Revenue bonds	92,990,000	84,660,000	8,330,000	9.8
	$96,728,448	**$88,739,675**	**$7,988,773**	9.0

The change in outstanding debt for advances is primarily due to decreases of $1.91 million in scheduled debt service payments, offset by an increase of $1.61 million for the DAS loan. The change in notes payable is due to scheduled debt payments of $122 thousand. The increase in revenue bonds is due to the issuance of $58.31 million for fairgrounds Series 2015 Hotel Tax Revenue Refunding Bonds, offset by the defeasance of $43.86 million for fairgrounds Series 2005 Hotel Tax Revenue Refunding Bonds, call of $1.8 million in fairgrounds Series 2012 Hotel Tax Revenue Bonds, and scheduled debt service payments of $4.32 million. See Note III. E. for more information regarding changes in long-term debt.

Bond Ratings

Standard and Poor's rated the Authority's Golf System Revenue Bonds as AA. Fairgrounds hotel tax revenue bonds are rated A+ and A1 by Standard and Poor and Moody's, respectively.

Economic Factors and Rates

Economic Factors

Economic factors directly affected the Authority's financial position for the golf courses. The operating revenue for the golf courses increased due to an increase in the green fees. The lower priced Tour of the City, junior and senior fees helped the golf courses achieve an increase in rounds of 2.31% despite either no change or a decline in most of the major other types of rounds available. Financial services reported both revenue and expense decreases related to a decrease in nationwide natural gas prices. The economic factors did not affect the financial position of the other activities of the Authority.

Rates and Fees

On March 1st, 2016, the Authority increased green fees at Lincoln Park Golf Course to provide for debt service and changing costs of operation at the golf course.

Contacting the Authority's Financial Management

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

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Basic Financial Statements

Authority-wide Financial Statements

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

* ***Governmental Activities*** *– Reports general government, public services, culture and recreation, and economic development and the general revenues of the Authority.*

* ***Business-Type Activities*** *– Reports golf courses, fairgrounds, and financial services 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.

Governmental Fund Financial Statements

Encompass essentially the same functions reported as governmental activities in the authority-wide financial statements using modified accrual accounting and report the annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Proprietary Fund Financial Statements

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

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash	14,478,163	1,744,495	16,222,658
Investments	7,383,503	23,854,781	31,238,284
Property taxes receivable	1,330	-	1,330
Accounts receivable, net	1,473,373	-	1,473,373
Interest, dividends, and royalties receivable	6,525	5,622	12,147
Receivable from the City of Oklahoma City	171,068	1,091,950	1,263,018
Receivable from component units	-	2,200	2,200
Advanced funding	162,887	-	162,887
Inventories and prepaids	200,438	351,919	552,357
Total current assets	23,877,287	27,050,967	50,928,254
NON-CURRENT ASSETS			
Investments	-	1,285,499	1,285,499
Prepaids, non-current	-	331,984	331,984
Net pension asset	-	829,389	829,389
Capital assets:			
Land and construction in progress	8,496,722	2,086,385	10,583,107
Other capital assets, net of accumulated depreciation	78,004,813	61,510,777	139,515,590
Capital assets, net	86,501,535	63,597,162	150,098,697
Total non-current assets	86,501,535	66,044,034	152,545,569
Total assets	**110,378,822**	**93,095,001**	**203,473,823**
DEFERRED OUTFLOWS OF RESOURCES	**-**	**132,499**	**132,499**
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	4,207,096	1,087,524	5,294,620
Wages and benefits payable	-	209,002	209,002
Payable to City of Oklahoma City	1,613,804	494,036	2,107,840
Interest payable	4,550	-	4,550
Compensated absences	-	72,330	72,330
Notes payable	168,857	-	168,857
Unearned revenue	5,406,397	-	5,406,397
Bond interest payable	-	1,054,709	1,054,709
Bonds payable	-	3,415,000	3,415,000
Total current liabilities	11,400,704	6,332,601	17,733,305
NON-CURRENT LIABILITIES			
Compensated absences	-	116,328	116,328
Payable to City of Oklahoma City	2,973,546	596,045	3,569,591
Unearned revenue	863,108	-	863,108
Bonds payable, net	-	95,942,014	95,942,014
Net other post-employment benefit obligation	-	3,967,361	3,967,361
Total non-current liabilities	3,836,654	100,621,748	104,458,402
Total liabilities	**15,237,358**	**106,954,349**	**122,191,707**
DEFERRED INFLOWS OF RESOURCES	**-**	**543,600**	**543,600**
NET POSITION (DEFICIT)			
Net investment in capital assets	86,321,087	(15,498,761)	70,822,326
Restricted for: Capital projects	669,118	990	670,108
Debt service	-	3,391,745	3,391,745
Public services	2,320,755	-	2,320,755
Culture and recreation	2,476,855	-	2,476,855
Unrestricted	3,353,649	(2,164,423)	1,189,226
Total net position (deficit)	**$95,141,464**	**($14,270,449)**	**$80,871,015**

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES **OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY**

For the Year Ended June 30, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government	$2,027,851	$ -	$5,070,775	$ -	$3,042,924	$ -	$3,042,924
Public services	1,180,560	100,000	3,111	-	(1,077,449)	-	(1,077,449)
Culture and recreation	25,848,504	19,298,802	17,325	318	(6,532,059)	-	(6,532,059)
Economic development	194	-	168	-	(26)	-	(26)
Interest on long-term debt	138,013	-	-	-	(138,013)	-	(138,013)
Total governmental activities	29,195,122	19,398,802	5,091,379	318	(4,704,623)	-	(4,704,623)
BUSINESS-TYPE ACTIVITIES							
Golf courses	10,409,487	9,202,887	1,124,544	-	-	(82,056)	(82,056)
Fairgrounds	11,665,169	-	7,983,708	-	-	(3,681,461)	(3,681,461)
Financial services	675,819	703,117	-	-	-	27,298	27,298
Total business-type activities	22,750,475	9,906,004	9,108,252	-	-	(3,736,219)	(3,736,219)
Total	**$51,945,597**	**$29,304,806**	**$14,199,631**	**$318**	**(4,704,623)**	**(3,736,219)**	**(8,440,842)**

	Governmental Activities	Business Type Activities	Total
GENERAL REVENUES			
TAXES			
Tax incremental financing property taxes	55,582	-	55,582
Unrestricted investment income	52,413	7,894	60,307
Miscellaneous	1,410,742	-	1,410,742
Total general revenues	**1,518,737**	**7,894**	**1,526,631**
Changes in net position (deficit)	**(3,185,886)**	**(3,728,325)**	**(6,914,211)**
Net assets (deficit)-beginning	98,327,350	(10,542,124)	87,785,226
Net position (deficit)-ending	**$95,141,464**	**($14,270,449)**	**$80,871,015**

See accompanying notes to financial statements.

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2016

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	General Purpose Fund
ASSETS	
Pooled cash	$3,957,218
Non-pooled cash	10,520,945
Investments	7,383,503
Property taxes receivable	1,330
Accounts receivable	1,473,373
Interest, dividends, and royalties receivable	6,524
Receivable from City of Oklahoma City	171,068
Advanced funding	162,887
Inventories	161,224
Prepaids	39,214
Total assets	**$23,877,286**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
LIABILITIES	
Accounts payable and accrued expenses	$4,207,095
Payable to City of Oklahoma City	251,668
Unearned revenue	5,406,397
Unearned revenue, non-current	863,108
Total liabilities	10,728,268
DEFERRED INFLOWS OF RESOURCES	435,037
FUND BALANCES	
Non-spendable	363,325
Restricted	9,695,350
Committed	677,052
Assigned	1,978,254
Total fund balance	12,713,981
Total liabilities, deferred inflows of resources, and fund balance	**$23,877,286**

RECONCILIATION OF THE BALANCE SHEET, GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION, GOVERNMENTAL ACTIVITIES

Total fund balance	$12,713,981
Capital assets, net of accumulated depreciation	86,501,535
Revenue earned but not available	435,037
Long-term payable to the City of Oklahoma City, current	(1,362,136)
Long-term payable to the City of Oklahoma City, non-current	(2,973,546)
Long-term notes payable, current	(168,857)
Interest on long-term notes payable	(4,550)
Net position-governmental activities	**$95,141,464**

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended June 30, 2016

	General Purpose Fund
REVENUES	
Tax incremental financing property taxes	$55,615
Facility fees	271,801
Investment income	66,750
Public events charges	16,423,513
Other charges for services	44,375
Rental income	2,359,533
Payments from the City of Oklahoma City	5,070,775
Other	1,357,935
Total revenues	**25,650,297**
EXPENDITURES	
CURRENT	
Payments to the City of Oklahoma City	2,024,754
General government	3,231
Public services	30,112
Culture and recreation	22,568,602
Economic development	194
Capital outlay	1,550,151
DEBT SERVICE	
Principal	122,115
Interest	151,730
Total expenditures	**26,450,889**
Deficiency of revenues under expenditures	**(800,592)**
OTHER FINANCING SOURCES (USES)	
Sale of assets	318
Long-term payable to the City of Oklahoma City	571,270
Net other financing sources	**571,588**
Net change in fund balance	**(229,004)**
Fund balance, beginning	12,942,985
Fund balance, ending	**$12,713,981**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES, GOVERNMENTAL ACTIVITIES

Net change in fund balance	($229,004)
Capital outlay	1,550,151
Depreciation expense	(4,430,214)
Recognition of earned but unavailable revenue	358,619
Long-term payable to the City of Oklahoma City	(571,270)
Debt principal paid	122,115
Interest payable on long-term debt	13,717
Change in net position (deficit)-governmental activities	**($3,185,886)**

See accompanying notes to financial statements.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	Enterprise Funds			
	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	Total
ASSETS				
Pooled cash	$356,585	$231,208	$21,028	$608,821
Non-pooled cash	1,135,674	-	-	1,135,674
Investments	1,532,126	22,288,101	34,554	23,854,781
Interest, dividends, and royalties receivable	766	4,821	35	5,622
Due within Authority	(284)	-	284	-
Receivable from the City of Oklahoma City	-	1,000,000	91,950	1,091,950
Receivable from component units	-	-	2,200	2,200
Inventories	319,470	-	-	319,470
Prepaids	13,630	18,819	-	32,449
Total current assets	3,357,967	23,542,949	150,051	27,050,967
NON-CURRENT ASSETS				
Investments	455,710	829,789	-	1,285,499
Prepaids, non-current	1,103	330,881	-	331,984
Net pension asset	829,389	-	-	829,389
Capital assets:				
Land and construction in progress	-	2,086,385	-	2,086,385
Other capital assets, net of accumulated depreciation	12,202,615	49,308,162	-	61,510,777
Capital assets, net	12,202,615	51,394,547	-	63,597,162
Total non-current assets	13,488,817	52,555,217	-	66,044,034
Total assets	**16,846,784**	**76,098,166**	**150,051**	**93,095,001**
DEFERRED OUTFLOWS OF RESOURCES	**132,499**	**-**	**-**	**132,499**
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	262,688	756,459	68,377	1,087,524
Wages and benefits payable	209,002	-	-	209,002
Payable to City of Oklahoma City	410,327	83,709	-	494,036
Compensated absences	72,330	-	-	72,330
Bond interest payable	104,592	950,117	-	1,054,709
Bonds payable	795,000	2,620,000	-	3,415,000
Total current liabilities	1,853,939	4,410,285	68,377	6,332,601
NON-CURRENT LIABILITIES				
Compensated absences	116,328	-	-	116,328
Payable to City of Oklahoma City	596,045	-	-	596,045
Bonds payable:				
Bonds payable	11,995,000	77,580,000	-	89,575,000
Unamortized bond discount/premium	32,083	6,334,931	-	6,367,014
Bonds payable, net	12,027,083	83,914,931	-	95,942,014
Net other post-employment benefit obligation	3,967,361	-	-	3,967,361
Total non-current liabilities	16,706,817	83,914,931	-	100,621,748
Total liabilities	**18,560,756**	**88,325,216**	**68,377**	**106,954,349**
DEFERRED INFLOWS OF RESOURCES	**344,571**	**199,029**	**-**	**543,600**
NET POSITION (DEFICIT)				
Net investment in capital assets	275,497	(15,774,258)	-	(15,498,761)
Restricted for capital projects	990	-	-	990
Restricted for debt service	596,954	2,794,791	-	3,391,745
Unrestricted	(2,799,485)	553,388	81,674	(2,164,423)
Total net position (deficit)	**($1,926,044)**	**($12,426,079)**	**$81,674**	**($14,270,449)**

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	Enterprise Funds			
	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	Total
OPERATING REVENUES				
CHARGES FOR SERVICES				
Green fees	$5,046,876	$ -	$ -	$5,046,876
Concessions	1,558,922	-	-	1,558,922
Natural gas charges	-	-	703,117	703,117
Other charges	26,554	-	-	26,554
Total charges for services	6,632,352	-	703,117	7,335,469
Golf cart rentals	2,459,770	-	-	2,459,770
Other	28,715	-	-	28,715
Total operating revenues	**9,120,837**	**-**	**703,117**	**9,823,954**
OPERATING EXPENSES				
Personal services	4,892,784	-	-	4,892,784
Maintenance, operations, and contractual services	2,355,835	2,255,140	675,819	5,286,794
Materials and supplies	1,796,964	28,627	-	1,825,591
Depreciation	922,051	6,284,360	-	7,206,411
Total operating expenses	**9,967,634**	**8,568,127**	**675,819**	**19,211,580**
Operating income (loss)	**(846,797)**	**(8,568,127)**	**27,298**	**(9,387,626)**
NON-OPERATING REVENUE (EXPENSE)				
Investment income	3,895	28,294	370	32,559
Interest on bonds and notes	(444,520)	(947,318)	-	(1,391,838)
Bond issue costs	-	(476,479)	-	(476,479)
Bond insurance	-	(299,665)	-	(299,665)
Amortization	2,667	(1,373,580)	-	(1,370,913)
Payments from City of Oklahoma City	1,123,403	7,960,184	-	9,083,587
Other revenue	82,050	-	-	82,050
Net non-operating revenue	**767,495**	**4,891,436**	**370**	**5,659,301**
Changes in net position (deficit)	**(79,302)**	**(3,676,691)**	**27,668**	**(3,728,325)**
Total net assets (deficit), beginning	(1,846,742)	(8,749,388)	54,006	(10,542,124)
Total net position (deficit), ending	**($1,926,044)**	**($12,426,079)**	**$81,674**	**($14,270,449)**

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS **OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY**
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Enterprise Funds			
	Golf Courses Fund	**Fairgrounds Fund**	**Financial Services Fund**	**Total**
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$9,155,279	$ -	$608,686	$9,763,965
Cash payments to suppliers for goods and services	(4,026,965)	(2,057,612)	(694,974)	(6,779,551)
Cash payments to employees and professional contractors for services	(4,501,162)	-	-	(4,501,162)
Cash payments for internal services	(185,707)	-	-	(185,707)
Operating payments from City of Oklahoma City	1,115,491	24,783,882	-	25,899,373
Operating payments to City of Oklahoma City	-	(16,223,701)	-	(16,223,701)
Net cash provided (used) by operating activities	**1,556,936**	**6,502,569**	**(86,288)**	**7,973,217**
CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES				
Proceeds from issuance of long-term debt	-	20,211,809	-	20,211,809
Payments for acquisition and construction of capital assets	(756,334)	(419,323)	-	(1,175,657)
Principal paid on long-term debt	(984,638)	(5,340,000)	-	(6,324,638)
Interest paid on long-term debt	(450,203)	(2,936,402)	-	(3,386,605)
Proceeds from sale of assets	4,576	-	-	4,576
Net cash provided (used) by capital and capital related financing activities	**(2,186,599)**	**11,516,084**	**-**	**9,329,485**
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of investments	(1,215,149)	(179,255,073)	-	(180,470,222)
Proceeds from sale of investments	1,797,948	160,927,696	-	162,725,644
Changes in pooled investments	80,850	217,525	60,483	358,858
Investment income received	5,126	25,253	613	30,992
Purchased interest	-	(15)	-	(15)
Net cash provided (used) by investing activities	**668,775**	**(18,084,614)**	**61,096**	**(17,354,743)**
Net increase (decrease) in cash	**39,112**	**(65,961)**	**(25,192)**	**(52,041)**
Cash, beginning	1,453,147	297,169	46,220	1,796,536
Cash, ending	**$1,492,259**	**$231,208**	**$21,028**	**$1,744,495**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVTIES				
Operating income (loss)	($846,797)	($8,568,127)	$27,298	($9,387,626)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVTIES				
Depreciation	922,051	6,284,360	-	7,206,411
Other revenue (expense)	73,444	(332,379)	-	(258,935)
(Increase) decrease in accounts receivable	1,302	-	-	1,302
(Increase) decrease in receivable from City of Oklahoma City	1,119,299	8,560,183	(92,232)	9,587,250
(Increase) decrease in receivable from component units	-	-	(2,200)	(2,200)
(Increase) decrease in inventories	(7,182)	-	-	(7,182)
(Increase) decrease in prepaid assets	(804)	99,795	-	98,991
(Increase) decrease in net pension asset	177,777	-	-	177,777
(Increase) decrease in deferred outflows	3,419	-	-	3,419
Increase (decrease) in accounts payable and accrued expenses	(141,039)	398,398	(19,154)	238,205
Increase (decrease) in wages and benefits payable	35,464	-	-	35,464
Increase (decrease) in payable to City of Oklahoma City	100,699	60,339	-	161,038
Increase (decrease) in compensated absences	10,196	-	-	10,196
Increase (decrease) in net pension liability	508,936	-	-	508,936
Increase (decrease) in deferred inflows	(399,829)	-	-	(399,829)
Total adjustments	2,403,733	15,070,696	(113,586)	17,360,843
Net cash provided (used) by operating activities	**$1,556,936**	**$6,502,569**	**($86,288)**	**$7,973,217**

See accompanying notes to financial statements.

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 Property Authority (Authority) financial activities for the fiscal year ended June 30, 2016.

I. B. BASIS OF PRESENTATION

I. B. 1. REPORTING ENTITY AND RELATIONSHIP TO THE CITY OF OKLAHOMA CITY (CITY)

Due to restrictions of the state constitution relating to the issuance of municipal debt, the City created public trusts to finance City services with revenue bonds or other non-general obligation financing, and to provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts were created to provide financing services and are blended into the City's primary government although retaining separate legal identity.

The Authority is a public trust created pursuant to Title 60 of the Oklahoma Statutes, section 176, et seq. The Authority was established August 15, 1961, with the City named as the beneficiary. The purpose of the Authority is generally to provide a means of financing various municipal recreational improvements and services.

The provisions of the trust indenture provide that the Authority will lease or otherwise manage the related property and improvements financed by the Authority. The Authority will receive all revenues generated from the related properties to pay the debt service requirements on the revenue bonds issued by the Authority plus costs and expenses incidental to the management, operation, maintenance, and conservation of the Authority. In addition, the Authority is responsible for all operating expenses and the financing of future improvements to the five City municipal golf courses.

The Mayor and members of the City Council of the City serve as the Trustees for the Authority. The City Manager serves as the General Manager. The Authority does not have the power to levy taxes. The City has no obligation for debt issued by the Authority.

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

The Authority is presented as a blended component unit of the City and is included in the City’s financial reporting entity. The Authority meets the requirements for blending because the Authority’s governing body is identical to the City’s elected governing board (City Council), and the Authority is managed as a department of the City under the direction of the City Manager using City employees.

The Authority is included in the City's financial reporting entity presented in the City's CAFR. The City CAFR may be obtained from the Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

Authority Administration

The Authority's employees perform activities for the golf courses only. All other activities of the Authority are performed by City employees.

Related Parties

Oklahoma City Employee Retirement System (OCERS)
OCERS provides retirement benefits and disability allowances for employees of the Authority.

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

I. B. 2. BASIC FINANCIAL STATEMENTS

Authority-wide Financial Statements

The Authority-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Authority as a whole. Individual funds are not displayed but the statements distinguish governmental activities from business-type activities which are generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include charges for services which include fees and other charges to users of the Authority's services. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and enterprise (proprietary) funds. All funds of the Authority are considered major.

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

Generally Accepted Accounting Principles (U.S. GAAP)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements also report using this same focus and 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.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Authority considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Governmental Fund

The governmental fund uses the current financial resources measurement focus. Only current assets and current liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available resources during a given period.

General Purpose Fund
This fund is used by the Authority to account for specific revenues including events, box office sales, lease revenues, and tax increment ad valorem income which are designated to finance general government functions or activities of the Authority, such as public services, parks, and public events including economic development projects.

Proprietary Funds

Proprietary funds use the economic resources measurement focus. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net position.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds 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. Other revenues and expenses are classified as non-operating in the financial statements.

Enterprise Funds
Golf Courses Fund
This fund is used to account for the revenues and expenses of five municipal golf courses.

Fairgrounds Fund
This fund is used to account for payments from the City for hotel/motel tax revenues dedicated for debt service and the expenditure of bond funds.

Financial Services Fund
The City currently has multiple facilities that use natural gas in sufficient volumes to qualify for use of a third party natural gas supplier rather than the local natural gas utility. On July 1, 2010, the City designated the Financial Services Fund to consolidate and manage the third party natural gas contracts of the City.

I. C. BUDGET LAW AND PRACTICE

Oklahoma Statutes require the submission of financial information for public trusts. However, legal budgetary control levels are not specified. The Authority's budget is submitted to its governing body for approval annually and is received by the City Council for approval. Budgetary control of Authority operations is exercised on a project-length basis for most funds of the Authority. The exception is the Golf Course Fund where the budget is developed on an annual basis. Appropriations in funds other than the golf courses are carried forward each year until projects are completed. Appropriations for the Golf Course Fund expires at the close of the fiscal year. Management's policy prohibits expenditure/expenses to exceed revenues. Management may transfer appropriations without governing body approval.

I. D. POLICIES RELATED TO ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY

I. D. 1. CASH AND INVESTMENTS

Implementation of New Accounting Standard

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

The Authority participates in the investment policy approved by the City Council. The Authority's governing board formally adopted the updated City's deposit and investment policy in October 2012. Where applicable, deposit and investment policies for restricted funds are specified in the respective bond indentures.

The Authority maintains and controls a cash and investment operating pool which functions as a demand deposit account for participating funds of the Authority. This pool is allocated to the funds. Fund pooled cash and investments are allocated based on the fund's position in the pool and reported as pooled cash and investments. In addition, non-pooled cash and investments are separately held and reflected in respective funds as non-pooled cash and investments. The Authority engages in non-pooled investing activity for bond proceeds, golf course operations, and other functionally separate activities.

Investments are carried at fair value determined by quoted market prices. The management of the restricted investments is performed in accordance with applicable bond indentures and at the direction of the trustee bank. 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, recorded at the lower of cost or market on a first-in, first-out basis, consist of golf course supplies and food related resale items and on recorded an average cost or market basis.

Prepaids are payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Non-current prepaids benefit periods beyond the following 12 month period. Payments to vendors that are less than $500 are considered *di minimus* and are reported with expenses/expenditures in the year of payment.

I. D. 3. RECEIVABLES AND UNCOLLECTIBLE AMOUNTS

Property Taxes Receivable

Property taxes are collected and remitted to the Authority by Oklahoma County for specifically identified Tax Incremental Financing (TIF) districts. Taxes are levied annually. Property taxes receivable are estimated from the prior calendar year receipts. In the governmental fund financial statements, property tax revenues are recorded for all receipts during the year and for 60 days after year-end.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the Authority regardless of when cash is received.

Other Significant Receivables

Significant receivables are due from promoters, advertisers, ticketing agencies, and other businesses. These receivables due within 30 days are stated net of an allowance for doubtful accounts. The allowance amount is estimated using the length of time the receivables are past due.

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 and capital projects.

When both restricted and unrestricted resources are available for use, it is the Authority'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 fund to another for services or goods, subsidy commitments outstanding at year-end, or other miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as due to/from other funds (i.e., the current portion of intrafund loans) or advances to/from other funds (i.e., the non-current portion of intrafund loans). All activity between governmental and business-type activities of the Authority is eliminated and any residual balances outstanding between the activities are reported in the Authority-wide financial statements as internal balances.

I. D. 6. CAPITALIZED INTEREST

Interest costs are capitalized when incurred by enterprise funds and similar component units 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

The Authority generally capitalizes assets with cost of $7,500 or more. Items that do not meet the monetary threshold listed in the policy summary are expensed in the period incurred with the exception of golf carts, which will be capitalized since they have a useful life of 10 years. Property and equipment are stated at actual or estimated historical cost. Donated assets are stated at their fair market value on the date donated. Capital assets are reported in the Authority-wide statements and respective proprietary funds and are depreciated using the straight line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	10 - 50
Infrastructure and improvements other than buildings	10 - 50
Mobile equipment, furniture, machinery, and equipment	5 - 20

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service. The Authority's proprietary funds capitalize interest as a component of capital assets constructed for its own use.

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. DEBT, BOND DISCOUNT AND PREMIUM, AND DEFERRED AMOUNTS FROM REFUNDING

In the Authority-wide and proprietary financial statements, 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. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. 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

Golf courses’ employees are granted vacation benefits in varying amounts depending on tenure with the Authority. These benefits accumulate pro rata by pay period. The employee's right to use accumulated vacation and to receive an accumulated vacation payment upon termination vests after one year of employment. Sick leave accrues to employees at the rate of approximately 5 days per year with a maximum accrual of approximately 25 days. After one year of service, employees are entitled to a percentage of their sick leave balance upon termination.

I. D. 11. USE OF ESTIMATES

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

I. D. 12. TIF

TIF is a method of obtaining financing using future gains in taxes to finance current improvements which will create the conditions for those future gains. When a public project is carried out, the increase in the value of surrounding real estate, and perhaps new investment, generates increased property and sales tax revenues dedicated to finance the debt issued to pay for the project.

I. D. 13. FUND EQUITY

Fund Balance

Non-Spendable Fund Balance
Fund balance reported as non-spendable includes amounts that cannot be spent because it is not in spendable form or is not expected to be converted to cash including inventories, prepaid expenses and non-current receivables and advances.

Restricted Fund Balance
Restricted fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation including City ordinances approved by a vote of the Citizens.

Committed Fund Balance
Committed fund balance includes amounts that are constrained for specific purposes that are internally imposed by a vote of the Board of Trustees. Commitments of fund balance do not lapse at year-end.

Assigned Fund Balance
Assigned fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by formal action of the City Finance Director.

Unassigned Fund Balance
Unassigned fund balance includes fund balance within the General Purpose Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Fund Balance Usage
The Authority uses restricted amounts when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as a grant agreements requiring dollar for dollar spending. Additionally, the Authority uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Net Position

Net investment in capital assets 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 debt, 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. D. 14. RISK MANAGEMENT

The Authority's risk management activities are recorded in the City Risk Management, the Oklahoma City Municipal Facilities Authority (OCMFA) Services funds and Oklahoma City Post-Employment Benefits Trust (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 Authority participates. These funds account for the risk financing activities of the Authority and constitute a transfer of risk from the Authority.

The Authority pays 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.

I. E. POLICIES RELATED TO REVENUES AND EXPENDITURES/EXPENSES

I. E. 1. MAJOR REVENUES

Governmental Fund
Program revenue reported in governmental activities include public events charges for services such as box office fees and management fees. Other charges for service include water taxi receipts.

General revenues reported in governmental activities include property ad valorem tax for TIF proceeds, investment income, naming rights and other operating income.

Proprietary Funds
Charges for services in the Golf Course Fund include green fees, driving range, café at the golf courses, locker and golf cart rental, and other non-operating revenue and interest income.

Non-operating interest income and payments from the City Hotel/Motel Tax Fund are the revenues recognized in the Fairgrounds Fund.

The Authority's Financial Service Fund has charges to City departments for natural gas service from third party providers and receives investment income.

I. E. 2. LEASE OPERATING AGREEMENTS

Fairgrounds

On October 3, 2006, the Authority and the City entered into a management agreement with the State Fair of Oklahoma, Inc. (Fair), a private, nonprofit corporation. Under terms of this agreement, all fairgrounds-related property, owned by the City and the Authority, is leased to the Fair. The Fair, in return, agrees to operate, manage, and maintain the fairgrounds.

Golf Facilities

The Authority leases the Lake Hefner, Lincoln Park, Trosper Park, and Earlywine Park golf facilities from the City. The lease agreements provide that all revenues generated by these assets will accrue to the Authority. Although each course is leased to the Authority individually, the terms of these leases are substantially the same. The Authority is responsible for all costs and expenses of operating and maintaining the golf facilities with the exception of water used for course maintenance, which is subsidized by the City’s General Fund through payments to the Authority. The lease agreements require a nominal annual rental payment and provide that they shall remain in effect as long as revenue bonds of the Authority remain outstanding.

The Authority provides supervision of the operation and maintenance of the James E. Stewart Golf Course, pursuant to a joint resolution between the City and the Authority dated May 27, 1997.

The golf facilities are managed and maintained by employees of the Authority under advisory direction of a nine-member Golf Commission which is appointed by the Chairman of the Trustees (the Mayor) and approved by the Trustees. The golf facilities and golf system-related activity are recorded in the Authority's Golf Courses Fund.

Chickasaw Bricktown Ballpark (Ballpark)

As part of the City's Metropolitan Area Projects (MAPS) downtown revitalization program, a new downtown ballpark was constructed. On October 7, 1997, the City Council leased the new downtown ballpark and related facilities to the Authority for an initial 10 year term. The lease was extended to 2012 and will be extended automatically for the same rental and terms for two additional terms of five years each. On the same date, the Authority subleased the Ballpark to the Oklahoma City Athletic Club Limited Partnership that holds the franchise for the Oklahoma Redhawks baseball team. On September 24, 2014, The OKC TransitionCO acquired the rights and responsibilities of the sublease from the Oklahoma City Athletic Club and changed the name of the organization to the Oklahoma City Dodgers baseball team. The sublease is subject to the terms of a financing agreement to provide for the continued operations and maintenance of the Ballpark. The sublease requires annual rent equal to the greater of 7% of paid admissions for all events or $150,000. Rentals are deposited by the Authority in a capital improvements account designated for future Ballpark capital improvements. This lease and sublease activity are reported in the General Purpose Fund.

On September 23, 2014, the Authority approved a $1.00 facility fee charge to most ticketed events at the Ballpark. These proceeds will be remitted to the Authority for the purpose of making capital improvements and future capital maintenance.

Cox Convention Center, Chesapeake Energy Arena, and Civic Center Music Hall

The Authority leases the Cox Convention Center, Chesapeake Energy Arena, and Civic Center Music Hall (Civic Center) from the City. The amended lease, dated June 4, 2002, is for a twenty-five year period which began on May 11, 1999. The lease requires all of the proceeds derived from the operations of the leased premises to be paid as rental payments to the City. This lease and sublease activity are reported in the General Purpose Fund.

Oklahoma City Thunder

The Authority approved an agreement on April 15, 2008, with the Oklahoma City Thunder (Team) for use of the Chesapeake Energy Arena and National Basketball Association (NBA) Practice Facility during a 15-year initial term and five potential three-year renewal term(s).

The Team pays annual arena rent. Additional rent is to be paid for each pre-season and post-season home game. The Team pays the Authority the annual naming rights revenue and annual NBA practice facility rent. Rent and naming rights fees are subject to periodic consumer price index adjustments, capped at 3% annually. These activities are reported in the General Purpose Fund.

I. E. 3. MANAGEMENT AGREEMENTS

Cox Convention Center and Chesapeake Energy Arena

On October 19, 1999, the City and the Authority entered into a management agreement with Superior Management Group (SMG). Under the agreement, SMG agreed to manage and operate the Cox Convention Center and Chesapeake Energy Arena. SMG subcontracts with various entities to provide services including marketing, food and beverages for events at the facilities. The audited financial statements for SMG are available upon request from the City Finance department, 100 N. Walker, Suite 300, Oklahoma City, OK, 73012.

Golf Courses

The professional managers of the respective golf courses are contracted by the Authority under the terms of five-year professional services agreements. These professional services agreements provide for compensation to be paid monthly to the professional managers at a rate equal to a fixed fee plus a percentage of gross golf cart rentals and a percentage of all other operating revenues, including green fees, restaurant income, and driving range fees. The professional managers receive all the revenues from the sale and rental of golf merchandise, repairs to patrons' golf equipment, and golf lessons. However, they must bear substantially all the costs and expenses related to these activities.

The professional services agreement also requires the Authority to provide health, life and dental insurance coverage to the professional managers, as well as retirement benefits.

Interlocal Agreement

On September 1st, 2015, the Authority exercised the third renewal option on the interlocal agreement with the City of Tulsa for computerized box office service retroactive from July 1, 2015, through June 30, 2016. The agreement renews the authorization with the Tulsa Performing Arts Center for computerized ticketing system to process tickets sold by internet or by outlet for events at the Civic Center and Rose State Performing Arts Theater (Theater).

Tennis Center

In January, 2010, the City and the Authority entered into an agreement for management and operations of the tennis program and facilities at the Oklahoma City Tennis Center with OKC Public Tennis, LLC, for the period of January 14, 2010, through January 14, 2013. On December 11, 2012, the City of Oklahoma City approved an amendment to the agreement extending the term for an additional three years. On April 21, 2015, a fourth amendment to the agreement was approved retroactive to January 14, 2013, through January 13, 2016. On August 18, 2016, the Authority entered into a new agreement for management and operations of the tennis program and facilities at the Oklahoma City Tennis Center. This agreement was retroactive for the period from January 14, 2016 through January 14, 2026. OKC Public Tennis, LLC. assumes sole responsibility for management and compensation of the staff and management of the tennis program and facilities including tennis lessons, court rentals, tournaments, clinics, camps, pro shop operations, food and beverage services, and tennis equipment repairs, subject to overall policy direction and approval of the City and the Authority

Rose State College

In June 2015 the first renewal of the agreement with Rose State College and the Authority was signed regarding the management of the Theater. The term of the agreement was extended from July 1, 2015, and through June 30, 2016. Under the terms of the agreement, the Civic Center staff is responsible for managing the theater and the City is reimbursed for all expenses incurred. These activities are reported in the General Purpose Fund.

I. F. 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. G. RETAINAGES

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

I. H. REVENUE RESERVES

Capital Improvements

Effective May 1, 1995, the Golf Commission recommended and the Trustees of the Authority approved a surcharge on golf rounds. Current rates are $0.50 to $9.00 for daily rounds and $375.00 to $875.00 for annual rounds. These funds are generally used for the major renovation of existing courses. The use of these funds is subject to the approval of the Golf Commission and the Trustees of the Authority.

Operating Reserve

Golf courses are required to deposit $0.50 to $1.00 of each green fee to a savings account and amounts are generally spent as needed. Spending of these funds is recommended by the Golf Commission and approved by the Trustees of the Authority.

Equipment Replacement

Golf courses are required to deposit $0.50 to $4.00 of each cart rental to a savings account and amounts are generally spent as needed. Spending of these funds is recommended by the Golf Commission and approved by the Trustees of the Authority.

II. ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

II. A. DEPOSITS AND INVESTMENTS

Deposits

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

The general bond indentures for the Golf System Revenue Bonds and Fairgrounds Hotel Tax Revenue Bonds require the use of trust accounts. The bond accounts are used to segregate resources accumulated for debt service payments over the next twelve months. The operating and maintenance account is used for resources set aside to make up deficiencies in operating and maintenance activities. The construction accounts are used for proceeds of revenue bond issuances that are restricted for use in construction. The bond reserve account is used for proceeds of revenue bond issuances set aside to make up potential future deficiencies in the bond accounts, or to make the last bond principal and interest payments.

At June 30, 2016, the Authority's cash is collaterized with securities held by the pledging financial institution in the name of the Authority or the City, less Federal depository insurance, except for $10,520,945 held by SMG in one financial institution that exceeds federally insured limits.

Investments

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

The following tables provide cost and fair value measurement information for the System's assets.

	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 (months) (3)
POOLED INVESTMENTS								
Money market (4)(5)	$1,504,895	$1,504,895	$ -	$ -	$ -	$ -	AAA/Aaa	1.00
Federal Obligations	4,018,556	4,035,049	-	4,035,049	-	-	AA+/Aaa	22.00
US Treasury Notes	1,004,849	1,002,308	-	1,002,308	-	-	AA+/Aaa	6.00
Fannie Mae	1,014,444	1,028,128	-	1,028,128	-	-	AA+/Aaa	41.00
Total pooled investments	7,542,744	7,570,380	-	6,065,485	-	-		
NON-POOLED INVESTMENTS								
Money market (4)(5)	24,953,403	24,953,403	-	-	-	-	AAA/Aaa	0.86
Total investments	**$32,496,147**	**$32,523,783**	**$ -**	**$6,065,485**	**$ -**	**$ -**		

(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.

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.

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.

Federal obligations consist of Federal Home Loan Bank notes. These securities use pricing models that maximize the use of observable inputs for similar securities and are valued at level 2. U.S. Treasury notes use similar pricing models and are also valued at Level 2.

Money market funds fair value approximates cost, therefore do not report a fair value measurement.

Investment Policy

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

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

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

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

Portfolio Structure (1)

Investment Type Limitations Percentage of Total Invested Principal	Maximum % (2)
Repurchase agreements	100.0%
U.S. Treasury securities (3)	100.0
Certificates of deposit	50.0
Money market funds	100.0
Savings accounts	100.0
U.S. noncallable agencies securities	100.0
U.S. callable agency securities	20.0
Prime commercial paper	7.5
City judgments	5.0

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

(1) Specifically matched cash flows are excluded.
(2) For investments listed, there is no minimum percentage specified under the policy.
(3) Includes SLGS.
(4) For maturities limited to 0-1 year, the minimum percentages allowed under the policy are 5-25%.

The 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.

Securities Held by Others
For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Policy provides that investment collateral is held by a third party custodian with whom the City has a current custodial agreement in the Authority's name or be held in the name of both parties by the Federal Reserve Bank servicing Oklahoma. The Authority's unrestricted investments are insured or collateralized with securities held by the Authority, or its agent in the Authority's name.

Bond Indentures Restrictions
The bond indentures provide 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.

<u>Golf System Revenue Bonds</u>
The bond indenture for the golf courses restricts investing to governmental obligations; governmental obligations which have been stripped of their unmatured interest coupons and interest coupons which have been stripped from governmental obligations, provided that such obligations must be held by a third party; bonds, debentures, notes, or evidence of indebtedness issued by the: bank for cooperatives, federal home loan banks, federal land bank, federal financing bank, Federal National Mortgage Association, Government National Mortgage Association, Student Loan Marketing Association; interest-bearing time or demand deposits, certificates of deposit or similar banking arrangements with any government securities dealer; certificates of deposit secured by collateral described in (1) and (2) above; investments fully insured by Federal depository insurance; repurchase agreements; money market accounts; commercial paper; shares of mutual funds; advanced refunding municipal bonds; and guaranteed investment contracts.

<u>Fairgrounds Hotel Tax Revenue Bonds</u>
The bond indenture for the fairgrounds restricts investing to governmental obligations; bonds, debentures, notes or evidence of indebtedness issued by the: export – import bank, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing and Urban Development, Federal Housing Administration; bonds or notes issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; commercial paper; money market accounts; advanced refunding municipal bonds; and certificates of deposit.

Restricted Deposits and Investments

	Golf System Revenue Bonds	Fairgrounds Hotel Tax Revenue Bonds
Bond principal and interest	$701,527	$2,915,117
Construction accounts	241,856	18,982,057
Bond reserve	455,710	829,789
	$1,399,093	**$22,726,963**

Compliance with State Requirements
Authority investment policy and the bond Indentures, 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 Authority investing to the Prudent Investor Rule defined by Title 60 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 trust portfolio as a whole and as a part of the overall investment strategy having risk and return objectives reasonably suited to the Authority.

II. B. RECEIVABLES AND UNCOLLECTIBLE AMOUNTS

Property Taxes Receivable

Revenues include TIF property tax collections. TIF property taxes are designated TIF districts paid directly to the Authority. Taxes levied annually on November 1 are due one-half by December 31 and one-half by March 31. Major tax payments are received December through April. Lien dates for real property are in June and October, respectively. Property taxes receivable and related revenue include all amounts due the Authority regardless of when cash is received. Over time, substantially all property taxes are collected. In 2016 the Authority recognized $1,330 in property taxes receivable.

Accounts Receivable

Governmental activities	
Ticket and event receivables	$1,230,056
Lease revenues receivables	243,317
	$1,473,373

Advance Funding

The Authority advances funds to allow the management company to operate for the City's business improvement districts until payment is received from the business owners for services and improvements. As of June 30, 2016, $162,887 was unexpended.

II. C. INVENTORIES

Golf Courses	
Restaurant inventory	$49,626
Cart barn and driving range supplies	47,385
Maintenance and janitorial supplies	222,459
	319,470
OCPPA General Purpose	
Food and beverage items and other supplies	161,224
	$480,694

II. D. PREPAID ASSETS

Prepaid expenses of $39,214 reported with governmental activities include $6,550 of SMG operation expenses, $12,675 related to the digital antenna system (DAS) leasing and licensing agreements, and $19,989 related to maintenance and monitoring agreements.

Within business-type activities, with the issuance of fairgrounds Series 2007 and 2015 Hotel Tax Revenue Bonds, the Authority purchased prepaid bond insurance of $261,199 and $201,204, respectively. Of these amounts $104,377 and $8,326, respectively, has been recognized and expensed as of June 30, 2016, leaving a balance of $349,700 prepaid including $18,819 due within one year. Additionally, the five public golf courses hold a combined total of $14,734 in prepaid assets for software maintenance, and business and automobile insurance in the amounts of $8,379 and $6,355, respectively, including $13,632 due within one year.

II. E. NET PENSION ASSETS

The Authority's net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. Net pension assets are reported when the plan's net assets exceed the employers total pension liability, or the employer's proportionate share of the plan's net assets exceed the employer's proportionate share of the total pension liability for cost sharing, multiple employer plans. Related to OCERS, the net pension asset is $46,858,087, of which the Authority's share is $829,389 at June 30, 2016.

II. F. CAPITAL ASSETS

Changes in Capital Assets

	Capital Assets, not depreciated			Capital Assets, depreciated				
	Land and Art	Construction In Progress	Total Capital Assets, not depreciated	Buildings	Improvements Other Than Buildings	Furniture, Machinery, and Equipment	Total Capital Assets, depreciated	Total Capital Assets, net
Governmental Activities								
CAPITAL ASSETS								
Balance, June 30, 2015	$7,352,642	$1,250,333	$8,602,975	$49,756,544	$45,499,421	$15,246,107	$110,502,072	$119,105,047
Increases	711,642	367,772	1,079,414	-	78,930	391,807	470,737	1,550,151
Transfers	230,931	(1,416,598)	(1,185,667)	967,730	24,210	193,727	1,185,667	-
Balance, June 30, 2016	8,295,215	201,507	8,496,722	50,724,274	45,602,561	15,831,641	112,158,476	120,655,198
ACCUMULATED DEPRECIATION								
Balance, June 30, 2015				7,429,425	13,632,760	8,661,264	29,723,449	29,723,449
Increases				1,543,004	1,600,909	1,286,301	4,430,214	4,430,214
Balance, June 30, 2016				8,972,429	15,233,669	9,947,565	34,153,663	34,153,663
Total governmental activities	**8,295,215**	**201,507**	**8,496,722**	**41,751,845**	**30,368,892**	**5,884,076**	**78,004,813**	**86,501,535**
Business-type Activities								
CAPITAL ASSETS								
Balance, June 30, 2015	2,004,837	-	2,004,837	39,150,028	84,547,253	8,124,916	131,822,197	133,827,034
Increases	-	106,454	106,454	-	53,321	592,161	645,482	751,936
Decreases	-	-	-	-	-	(39,325)	(39,325)	(39,325)
Transfers	-	(24,906)	(24,906)	33,583	(8,647)	(30)	24,906	-
Balance, June 30, 2016	2,004,837	81,548	2,086,385	39,183,611	84,591,927	8,677,722	132,453,260	134,539,645
ACCUMULATED DEPRECIATION								
Balance, June 30, 2015				6,904,238	50,779,288	6,091,901	63,775,427	63,775,427
Increases				893,592	5,818,377	494,442	7,206,411	7,206,411
Decreases				-	-	(39,355)	(39,355)	(39,355)
Balance, June 30, 2016				7,797,830	56,597,665	6,546,988	70,942,483	70,942,483
Total business-type activities	**2,004,837**	**81,548**	**2,086,385**	**31,385,781**	**27,994,262**	**2,130,734**	**61,510,777**	**63,597,162**
Total	**$10,300,052**	**$283,055**	**$10,583,107**	**$73,137,626**	**$58,363,154**	**$8,014,810**	**$139,515,590**	**$150,098,697**

Depreciation Expense

Governmental Activities		*Business-type Activities*	
Culture and recreation	$3,279,767	Golf courses	$922,051
Public services	1,150,447	Fairgrounds	6,284,360
	$4,430,214	Financial Services	**$7,206,411**

Capitalized Interest

	Total Interest Costs Incurred	Capitalized Interest
Business-type Activities		
Fairgrounds	$948,066	$748
Golf Courses	444,520	-
	$1,392,586	**$748**

II. G. DEFERRED OUTFLOWS OF RESOURCES

Deferred Amounts on Refunding

Deferred amounts on refundings of bonds results from a difference in the carrying value of refunded debt to its reaquisition price. Deferred amounts on refunding are amortized over the shorter of the life of the refunded or refunding debt. The Golf Courses Fund reported $2,391 less accumulated amortization of $1,066 related to the refunding of the 1998 Golf Revenue Refunding and Improvement Bonds.

Pension Deferred Outflows

Differences are deferred when the pension system's actuarial estimate of the plan's experience costs for a given period differ from the actual experience costs. Deferred outflows that result from plan experience differences are divided by the beginning expected remaining service life of its members and amortized over that period, with the current year amount included in the determination of pension expense. Current year contributions are deferred and included in the following year net pension liability calculation.

	2016	
	OCERS	Authority Share
Current year contributions - Employer	**$7,411,117**	**$131,174**

III. LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

III. A. UNEARNED REVENUES

Within governmental activities, the Authority has unearned revenue of $6,269,505 at the end of the fiscal year. Within governmental activities, the Authority has unearned revenue of $5,842,970 at the end of the fiscal year. There is unearned revenue of $152,737 for the advance sale of tickets for events at the Civic Center Music Hall and $4,509,125 recorded for SMG operations at the Cox Convention Center and Chesapeake Energy Arena. There is additional unearned revenue of $1,118,610 for DAS leases, of which $808,108 is non-current, and unearned revenue of $62,500 for naming rights, of which $55,000 is non-current.

III. B. COMPENSATED ABSENCES

Compensated absences balances changed from 2015 to 2016 by accruals of $114,142 and usages of $103,944.

III. C. LONG-TERM NOTES PAYABLE

Capital Financing Note Payable

On April 25, 2006, the Authority approved issuance of a capital financing note for the downtown underground improvement project relating to the funding of infrastructure improvements within the underground special improvement and assessment district. The downtown underground consists of a system of pedestrian tunnels used for below surface access to retail shops, restaurants, and other commercial outlets located in the tunnels, as well as, surface venue access through underground pedestrian routes protected from the weather and traffic. On May 11, 2006, the Authority issued the note to Bank of America Leasing and Capital LLC for $2,000,000 at an annual fixed rate of 6.364% with principal and interest payable August 1 for ten years, beginning August 1, 2007. At June 30, 2016, the balance due was $168,857 and $4,550 accrued interest.

Notes Payable Payment Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2017	**$168,857**	**$10,919**	**$179,776**

III. D. REVENUE BONDS

Unamortized Bond Discount/Premium

	Golf Courses	Fairgrounds	Total
Bonds payable	$11,995,000	$77,580,000	$89,575,000
Unamortized bond discount/premium	32,083	6,334,931	6,367,014
Bonds payable, net	**$12,027,083**	**$83,914,931**	**$95,942,014**

Golf Courses Revenue Bonds

On September 1, 2010, the Series 2010 Golf Courses Revenue Refunding Bonds were issued for $8,465,000 and the proceeds were transferred to the Series 1998 Golf Courses Revenue Bond redemption trust account and were used to call the Series 1998 Golf Courses Revenue Bonds on October 1, 2010. Series 2010 Golf Courses Revenue Refunding Bonds, less issue costs of $68,979, along with the debt service reserve for the Series 1998 Golf Courses Revenue Bonds of $954,625 and the balance of principal account of $450,000 were used to defease the Series 1998 Golf Courses Revenue Bonds balance of $9,780,000 leaving a balance of $20,656 to be used for future projects. The Series 2010 Golf Courses. Revenue Bond issue interest rate is 3.15%.

On July 11, 2012, the Series 2012 Golf Courses Revenue Bonds were issued for $7,565,000 to improve Lincoln Park Golf Course. The Series 2012 Golf Courses Revenue Bonds less issue costs of $75,115 were used to supplement the City Series 2010 General Obligation Bond amount of $2,250,000 to be used for construction and renovation of the course facilities. The average interest rate on these bonds is 2.81%.

Fairgrounds Hotel/Motel Tax Revenue Bonds

On December 14, 2004, City voters approved a 5.5% hotel tax for the purpose of encouraging, promoting and fostering convention and tourism for the City. Pursuant to the security agreement, the City agrees on a year to year basis to transfer the hotel tax revenues to the Authority.

The bonds are limited obligations of the Authority payable solely from the trust estate pledged under the indenture consisting of the convention and tourism development portion and the fairgrounds development portion of the hotel tax revenues received by the Authority from the City pursuant to the security agreement described below. Interest on the bonds is payable each April 1 and October 1, commencing April 1, 2006. The indenture requires the use of project, principal, interest, and reserve accounts.

The fairgrounds are owned by the City and leased to the Authority pursuant to a lease agreement dated November 1, 1961, as amended. The term of the lease has been extended for as long as the bonds remain outstanding.

On August 1, 2007, the Authority issued $20 million in Series 2007A Hotel Tax Revenue Bonds with an average interest rate of 4.24%. Total proceeds included $322,145 in discount. Issuance costs were $396,920. Net proceeds of $19,280,935 are used to fund various fairgrounds renovations, primarily the Norick Coliseum, the prime location for all equine events. Other significant uses of funds include a new gateway, security fencing, transportation trams, parking lots and associated drainage.

On October 1, 2011, the Authority issued $9,285,000 in Series 2011 Hotel Tax Revenue Bonds. The proceeds of $9,183,007 from the bonds, less $183,007 in issuance costs, will be used to finance the construction and renovation of the fairgrounds facilities.

On July 30, 2015, the Authority issued $58,305,000 in Series 2015 Hotel Tax Revenue Refunding Bonds. Total proceeds included $7,372,124 in premium. Issuance costs were $242,562. Net proceeds of $20,007,200 will be used to fund infrastructure improvements. The Series 2015 Hotel Tax Revenue Refunding Bonds defeased $43,860,000 of Series 2005 Hotel Tax refunding revenue bonds and was used to call $1,800,000 in Series 2012 Hotel Tax Revenue Bonds.

Bonded Debt Service Requirements to Maturity

Golf System Bonds

	Golf System Series 2010			Golf System Series 2012		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2017	$575,000	$175,849	$750,849	$220,000	$231,265	$451,265
2018	595,000	157,421	752,421	230,000	225,615	455,615
2019	610,000	138,443	748,443	235,000	218,640	453,640
2020	630,000	118,913	748,913	240,000	211,515	451,515
2021	650,000	98,753	748,753	250,000	204,165	454,165
2022-2026	2,810,000	180,495	2,990,495	1,365,000	902,250	2,267,250
2027-2031	-	-	-	1,600,000	667,869	2,267,869
2032-2036	-	-	-	1,905,000	355,008	2,260,008
2037-2041	-	-	-	875,000	33,975	908,975
	$5,870,000	**$869,874**	**$6,739,874**	**$6,920,000**	**$3,050,302**	**$9,970,302**

Fairgrounds Bonds

	Fairgrounds Series 2007A			Fairgrounds Series 2011		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2017	$145,000	$726,650	$871,650	$120,000	$365,269	$485,269
2018	155,000	720,650	875,650	125,000	361,894	486,894
2019	160,000	714,150	874,150	125,000	358,144	483,144
2020	165,000	707,244	872,244	130,000	353,994	483,994
2021	170,000	700,125	870,125	135,000	349,356	484,356
2022-2026	975,000	3,381,853	4,356,853	755,000	1,663,522	2,418,522
2027-2031	1,210,000	3,144,178	4,354,178	4,940,000	1,408,931	6,348,931
2032-2036	13,355,000	918,788	14,273,788	2,045,000	342,563	2,387,563
2037-2041	-	-	-	465,000	10,463	475,463
	$16,335,000	**$11,013,638**	**$27,348,638**	**$8,840,000**	**$5,214,136**	**$14,054,136**

(continued)

Fairgrounds Bonds *(continued)*

	Fairgrounds Series 2015		
Fiscal Year	Principal	Interest	Total
2017	$2,355,000	$2,668,825	$5,023,825
2018	2,445,000	2,572,375	5,017,375
2019	2,575,000	2,446,875	5,021,875
2020	2,710,000	2,314,750	5,024,750
2021	2,850,000	2,175,750	5,025,750
2022-2026	16,595,000	8,531,125	25,126,125
2027-2031	17,275,000	3,917,375	21,192,375
2032-2036	3,660,000	1,582,000	5,242,000
2037-2041	4,560,000	506,250	5,066,250
	$55,025,000	**$26,715,325**	**$81,740,325**

Revenue Bonds Outstanding

	Amount Issued	Interest Rate %	Issue Date	Principal Maturity Date	Balance
Golf System, Series 2010	$5,870,000	3.15	9-1-10	10-1-23	$5,870,000
Golf System, Series 2012	6,920,000	0.45 - 3.85	7-11-12	10-1-37	6,920,000
Fairgrounds, Series 2007A	16,335,000	4.0 - 4.5	8-1-07	10-1-34	16,335,000
Fairgrounds, Series 2011	8,375,000	2.0 - 4.5	10-1-11	10-1-36	8,840,000
Fairgrounds, Series 2015	55,490,000	3.0 - 5.0	7-30-15	10-1-39	55,025,000
					$92,990,000

Bond Coverage

	Golf System Series 2010 & 2012	Fairgrounds Series 2007A, 2011, & 2015
Gross revenue, including non-operating revenues and payments from the City	$9,586,503	$13,286,319
Direct operating expenses, excluding other post-employment benefit expense, payments to the City, depreciation and amortization	7,542,107	-
Net revenue available for debt service	**$2,044,396**	**$13,286,319**
Principal amounts	$825,000	$3,540,000
Interest amounts	383,036	2,927,608
Total debt service requirements	**$1,208,036**	**$6,467,608**
Revenue bond coverage	**1.69**	**2.05**

The bond indentures require the payment of principal and interest before any other expenditures may be made. Gross revenues and expenses for golf bonds exclude James E. Stewart Golf Course and direct operating expenses exclude administrative payments to the City. In addition, depreciation and amortization expenses are excluded from the direct operating expenses as they do not affect funds available for debt service. Principal and interest is the maximum debt service paid in any year for bond covenance coverage calculations for Series 2012 golf bonds. The required revenue bond coverage is 1.1 for golf bonds.

Gross revenues for the fairgrounds bonds are 10/11ths of the recognized hotel/motel taxes collected by the City and pledged to the debt. No direct expenses are included as the operations of the fairgrounds are not reported as part of the Authority. There is no required revenue bond coverage for fairground bonds.

Bond Defeasance

Current Year Defeasance

Series 2005 Hotel Tax Revenue Refunding Bonds

On July 30, 2015, the Authority issued $58,305,000 in Series 2015 Hotel Tax Revenue Refunding Bonds, with an average interest rate (coupon) of 4.99% to advance refund $43,860,000 of Series 2005 Hotel Tax Revenue Bonds. Total proceeds include $7,372,124 in premium. As a result, Series 2005 Hotel Tax Revenue Bonds, in the amount disclosed, is considered to be defeased as of the issuance date and the liability for the bonds removed from the financial statements in the period of the defeasance. The Authority advance refunded these bonds for the recent decline in interest rates and achieved an economic gain of approximately $6,287,292.

Outstanding Defeased Bonds

	Purpose	Bond Series	Defeased Balance	Outstanding Balance
Fairgrounds Fund	Fairgrounds facilities	2005	$43,860,000	$41,890,000

III. E. SEGMENT INFORMATION AND PLEDGED REVENUES

Authority issued revenue bonds to support its golf course activities and fairgrounds improvements. The Authority financial statements report revenue-supported debt. The Authority recognized $8,802,081 in golf course revenues and $7,960,184 in hotel/motel tax payments from the City to the Fairgrounds Fund.

III. F. ARBITRAGE COMPLIANCE

Proceeds from tax-exempt revenue bonds issued after September 1, 1986, are subject to the 1986 Tax Reform Act. The Authority invests, records, and reports these proceeds in the manner set forth by the U.S. Treasury and Internal Revenue Service to maintain the tax-exempt status of the bonds. The Authority did not have an arbitrage liability as of June 30, 2016.

III. G. CHANGES IN LONG-TERM DEBT

	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016	Due Within One Year	Due After One Year
Primary Authority						
Governmental Activities						
Notes payable	$290,972	$ -	$122,115	$168,857	$168,857	$ -
Business-type Activities						
COMPENSATED ABSENCES						
Golf Courses Fund	178,460	114,142	103,944	188,658	72,330	116,328
REVENUE BONDS						
Golf Courses Fund	13,565,000	-	775,000	12,790,000	795,000	11,995,000
Fairgrounds Fund	71,095,000	58,305,000	49,200,000	80,200,000	2,620,000	77,580,000
Total revenue bonds	84,660,000	58,305,000	49,975,000	92,990,000	3,415,000	89,575,000
Total business-type activities	**84,838,460**	**58,419,142**	**50,078,944**	**93,178,658**	**3,487,330**	**89,691,328**
Total primary Authority	**$85,129,432**	**$58,419,142**	**$50,201,059**	**$93,347,515**	**$3,656,187**	**$89,691,328**

III. H. GUARANTEED DEBT

A guarantee of debt represents a promise to meet any debt service requirements that falls short without the expectation or requirement of benefit to the City. The City has provided a guarantee of the debt for the Authority. Although the guarantee must be approved each year by City Council, the guarantee is required to be in tact as part of the debt instrument. The City has not and does not expect to act on any of these guarantees.

	Amount Guaranteed (1)	Total Amount Outstanding (2)
Governmental Activities		
General Purpose Fund capital financing note	$179,776	$168,857
Business-Type Activities		
Golf Courses bonded debt	1,202,114	12,790,000
	$1,381,890	**$12,958,857**

(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.

(2) The amount outstanding does not include interest.

The City has executed an agreement of support which guarantees the City will fund bond reserve requirements for the Series 2012 Golf Courses Revenue Bonds and the General Purpose Fund capital financing note. Under Oklahoma law, the City may only be obligated to transfer up to the end of it's fiscal year (June 30) and has no legal obligation or promise to transfer beyond it's 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 bond reserve requirements for the Authority in 2016 or any preceding year in which the debt was outstanding or any amounts due for the General Purpose Fund capital financing note.

III. I. DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue

Unavailable revenue in the governmental fund financial statements includes revenue received more than 60 days following year-end (unavailable to pay liabilities of the current period). At June 30, 2016, revenue earned but unavailable is $435,037 which includes $183,863 of Brickown Ballpark rent, $69,261 of Civic Center Music Hall event receivables, $6,322 of investment earnings, and $1,330 of property tax.

Deferred Amount on Refunding

Deferred amounts on refundings of bonds results from a difference in the carrying value of refunded debt to its reaquisition price. Deferred amounts on refunding are amortized over the shorter of the life of the refunded or refunding debt. The Fairgrounds Fund reported $212,712 less accumulated amortization of $13,683 related to the refunding of the 2005 Hotel Tax Revenue Bonds.

Pension Deferred Inflows

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

	OCERS	Authority Share
Difference between expected and actual pension plan experience	$7,237,458	$128,103
Differences between projected and actual investment earnings on plan investments	12,229,802	216,468
	$19,467,260	**$344,571**

IV. FUND EQUITY

IV. A. FUND BALANCE

Non-spendable Fund Balance

Inventories	$161,224
Prepaids	39,214
Business improvement discctricts advance funding	162,887
	$363,325

Restricted Fund Balance

Restricted for TIF districts	$922,912
Restricted for special improvement districts	95,209
Restricted for business improvement districts	2,650,288
Restricted for NBA operations	927
Restricted for Cox Convention Center maintenance	775,882
Restricted for NBA practice facility	421,310
Restricted for Ballpark capital improvements	299,440
Restricted for Chesapeake Energy Arena maintenance	1,693,484
Restricted for Chesapeake Energy Arena and Cox Convention Center operations	2,821,110
Restricted for sports facility maintenance and improvements	14,788
	$9,695,350

Committed Fund Balance

Committed for metropolitan area projects use tax capital projects	**$677,052**

Assigned Fund Balance

Assigned for Metropolitan Area Projects support	$1,302,205
Assigned for the centennial land run project	402,833
Assigned for fairgrounds electricity	133,682
Assigned for Oklahoma City Redhawks utility reimbursements	27,115
Assigned for Civic Center parking	409,053
Assigned for Civic Center promotions	200,579
Assigned for water taxi and canal operations	217,107
Assigned for non-capital equipment replacement	666,692
Assigned for SMG operations	3,877,192
Assigned for NBA practice facility	33,887
Assigned for Oklahoma River sediment removal	346,897
Assigned for General Purpose Fund encumbrances	17,117
Reallocation for negative unassigned fund balance	(5,656,105)
	$1,978,254

Unassigned

Unassigned	($5,656,105)
Reallocation of negative unassigned fund balance	5,656,105
	$ -

IV. B. NET POSITION

Net Investment in Capital Assets

	Governmental Activities	*Business-type Activities*
Capital assets, net	$86,501,535	$63,597,162
Retainages and capital related accounts payable	(11,591)	(172,564)
Bonds payable, net	-	(99,357,014)
Deferred amount on refunding	-	(197,704)
Bond accounts funded with bond proceeds	-	19,678,613
Bond issuance costs paid from bond proceeds	-	952,746
Capital related notes payable	(168,857)	-
	$86,321,087	**($15,498,761)**

Restricted for Capital Projects

	Governmental Activities	*Business-type Activities*
Sports facility sales tax capital projects	$669,118	$ -
Bond construction account	-	19,223,913
Bond construction account funded with bond proceeds	-	(19,222,923)
	$669,118	**$990**

Restricted for Debt Service

	Governmental Activities	Business-type Activities
Bond principal and interest accounts	$ -	$3,616,645
Bond reserve accounts	-	1,285,499
Bond reserve funded with bond proceeds	-	(455,690)
Current bond interest payable	-	(1,054,709)
	$ -	**$3,391,745**

Restricted for Culture and Recreation

	Governmental Activities	Business-type Activities
Restricted for NBA operations	$927	$ -
Restricted for Cox Convention Center maintenance	776,368	-
Restricted for Chesapeake Energy Arena maintenance	1,699,560	-
	$2,476,855	**$ -**

Restricted for Public Services

	Governmental Activities	Business-type Activities
Restricted for TIF districts	$2,961	$ -
Restricted for business improvement districts	2,317,794	-
	$2,320,755	**$ -**

Unrestricted

	Governmental Activities	Business-type Activities
Unrestricted	**$3,353,649**	**($2,164,423)**

IV. C. DEFICIT FUND NET POSITION AND FUND BALANCE

Deficits resulting from accrual reporting do not constitute violations of Oklahoma State Statutes.

Deficit Fund Net Position

OCPPA Fairgrounds
Deficit net position of $12.426 million is the result of depreciation of capital assets as construction projects are completed.

OCPPA Golf Courses
Deficit net position of $1.926 million is the result of significant debt financing of capital assets with tight operating budgets.

V. REVENUES AND EXPENSES

V. A. LEASE REVENUES

The Authority leases digital antenna system sectors in the Cox Convention Center and the Chesapeake Energy Arena to various mobile data coverage providers. The providers pay an annual license fee per each sector leased inside of the building to enhance the data coverage for the facility. The leases are paid annually under a five year initial agreement with an additional renewal agreement of five years available at the commencement of the first agreement. These leases are non-cancelable operating leases. Rental income in 2016 was $609,549.

In July 2009 OCPPA and the Professional Basketball Club, LLC entered into a fifteen year lease agreement for the use of a National Basketball Association practice facility. There are five renewal terms of three years each. The annual rental income is $100,000 which is subject to adjustment beginning with the commencement of the sixth operating year. Adjustments are based upon increases in the consumer price index capped at 3% annually.

In October 1997 OCPPA and the OKC Athletic Club Limited Partnership entered into a ten-year sublease agreement for certain real property consisting of a baseball park and related parking facilities. This sublease agreement was assigned to the OKC Athletic Club, LLC, in June 2010 and is currently in the second of three separate additional terms of five years each. Annual rent is equal to the greater of 7% of paid admissions for all events or $150,000.

Minimum Rentals on Non-Cancelable Leases

2017	$806,573
2018	710,804
2019	684,807
2020	169,720
2021	100,000
2022-2026	200,000
	$2,671,904
Rental income (1)	**$2,640,925**

(1) Rental income includes revenues received in fiscal year 2016 for prior periods.

Cox Convention Center and Civic Center facilities are rented for short periods of time during the year.

V. B. PENSION EXPENSE

The Authority reported ($92,981) in pension expense which includes costs related to employee participation in OCERS.

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

	OCERS (1)	Authority Share (2)
2017	($6,996,288)	($123,834)
2018	(6,996,288)	(123,834)
2019	(6,996,288)	(123,834)
2020	3,392,670	60,050
2021	(1,273,898)	(22,548)
Thereafter	(597,168)	(10,571)
	($19,467,260)	**($344,571)**

(1) OCERS includes deferred outflows of resources less deferred inflows of resources excluding deferred outflows of resources for employer contributions, which are excluded from actuarial calculations.

(2) Authority share is calculated from the current year proportionate amount.

VI. INTERFUND TRANSACTIONS

All activity between governmental and business-type activities are eliminated and any residual balances outstanding between the activities are reported in the Authority-wide financial statements as internal balances.

VI. A. INTERFUND BALANCES

Due Within the Golf Courses

Amounts due within the golf courses represent unpaid balances from the golf courses to the golf system for daily revenue surcharges, equipment fund, operating reserve and administrative charges for equipment purchases, additional expenses, and debt service payments.

	DUE TO						
	Golf Courses Fund						
	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James Stewart	Golf Course System	Total
DUE FROM							
Lake Hefner	$ -	($1,851)	$500	$ -	$ -	($28,597)	($29,948)
Lincoln	1,851	-	833	1,607	367	(41,634)	(36,976)
Trosper	(500)	(833)	-	-	-	(13,561)	(14,894)
Earlywine	-	(1,607)	-	-	-	(21,011)	(22,618)
James Stewart	-	(367)	-	-	-	-	(367)
Golf Course System	28,597	41,634	13,561	21,011	-	-	104,803
	$29,948	**$36,976**	**$14,894**	**$22,618**	**$367**	**($104,803)**	**$ -**

Payable To/Receivable From the City

		Governmental Activities	*Business-Type Activities*			
	Purpose	General Purpose Fund	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	Total
Receivable From						
City General Fund	Natural gas reimbursements	$ -	$ -	$ -	$42,298	$42,298
City Capital Improvements Fund	Capital funding	171,068	-	-	-	-
City Hotel/Motel Fund	Capital funding	-	-	1,000,000	-	1,000,000
Fleet Services	Natural gas reimbursements	-	-	-	22,225	22,225
Information Technology	Natural gas reimbursements	-	-	-	1,586	1,586
Oklahoma City Environmental Assistance Trust	Natural gas reimbursements	-	-	-	25,841	25,841
		$171,068	**$ -**	**$1,000,000**	**$91,950**	**$1,091,950**

(continued)

Payable To/Receivable From the City (continued)

		Governmental Activities	Business-Type Activities			
	Purpose	General Purpose Fund	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	Total
Payable To						
City General Fund	Administration charges and utilities	$250,683	$171,794	$81,783	$ -	$253,577
City Special Districts Fund	Cost reimbursements	594,621	-	-	-	-
City Stormwater Drainage Fund	Public works charges	985	127	1,925	-	2,052
Risk Management	Golf professional's benefits	-	13,294	-	-	13,294
OCMFA Services Fund	Golf professional's benefits	-	9,161	-	-	9,161
		$846,289	$194,376	$83,708	$ -	$278,084

Cost Reimbursement Payable To City Special Districts Fund

The City Special Districts Fund assesses property owners to fund services that confer a special benefit upon property within a designated district, such as street sweeping and landscaping. The contracts for these services are managed by the Authority and reimbursed by the City Special Districts Fund. The advance represents funds received in excess of funds expended at June 30, 2016.

Beginning balance	$454,066
Other services	(2,795,172)
Investment income	130,640
Reimbursement from the City	2,805,087
	$594,621

Advances Within the Golf Courses

Advance from Lake Hefner to Lincoln

During 2001 Lincoln Park Golf Course received an advance from Lake Hefner Golf Course in the amount of $155,000. The loan was used for operations due to the renovation of the golf course. The balance of this advance is $30,000 as of June 30, 2016.

Advance from Lake Hefner to Trosper

During 2001 Trosper Park Golf Course received an advance from Lake Hefner Golf Course in the amount of $110,000. The purpose of the advance was for operations due to the renovation of the golf course green. The balance of this loan is $31,500 as of June 30, 2016.

Advances from Golf System to Trosper

During 2014 Trosper Park Golf Course received an advance from the Golf System in the amount of $70,000. The purpose of the advance was for general operations expenses in the current year.

In February 2015 Trosper Park Golf Course received an advance from the Equipment Fund of the Golf System in the amount of $36,000. The purpose of the advance was for the purchase of replacement batteries for the fleet of golf carts.

Long-Term Payable To/Receivable From the City

	Receivable From (Payable To)						
	City General Fund	City and Schools Use Tax Fund	OCMFA Service Fund	MAPS	Total	Due Within One Year	Due After One Year
Governmental Activities							
General Purpose Fund	$1,419,953	$2,011,108	$ -	$310,000	$3,741,061	$767,515	$2,973,546
Business-Type Activities							
Golf Courses Fund	-	-	811,997	-	811,997	215,952	596,045
	$1,419,953	**$2,011,108**	**$811,997**	**$310,000**	**$4,553,058**	**$983,467**	**$3,569,591**

TIF District #6 Payable
On October 14, 2008, the Authority received $1,031,653 from the City City and Schools Use Tax Fund. The funds were used to repay the line of credit related to TIF District #6. The loan was repaid by the City General Fund and the General Purpose Fund over a seven year period at an interest rate of 2%. The City General Fund will now be repaid over the next fourteen years with an interest rate of 0.25%. The balance of the loan at June 30, 2016, is $919,953.

Hockey Payable
On February 16, 2010, the Authority received $3,200,000 from the City City and School Use Tax Fund. The funds are to be used for the Cox Convention Center facility renovations and upgrade. The loan is to be repaid from revenues generated and collected by SMG under the extended use license agreement with Prodigal Hockey, LLC and from other Cox Convention Center events. The replenishment to the City and Schools Capital Projects Use Tax Fund with an interest rate of 4.19% will be over a 10-year period. The balance of the loan at June 30, 2016, is $1,988,284 and $22,824 of accrued interest.

DAS Payable
On February 25, 2013, $900,000 was transferred from the City General Fund and $710,000 was transferred from the City MAPS Operations Fund to finance DAS improvements. The loan is non-interest bearing and will be repaid over seven years. The loans will be repaid with DAS revenues. The balance in the City General Fund and the City MAPS Operations Fund are $500,000 and $310,000, respectively.

Golf Cart Payable
On January 13, 2015, the Authority received $1,088,943 from the OCMFA Services Fund worker's compensation reserves. The funds were used for the purchase of 280 golf carts for Lake Hefner and Lincoln Park Golf Courses. The loan has an interest rate of 2.26% and will be repaid over a 5-year period. The balance of the loan at June 30, 2016 is $810,470, and $1,526 of accrued interest. The loan was made to the 2 golf courses as follows:

Lake Hefner Golf Course	$462,809
Lincoln Park Golf Course	626,134

Annual Payment Requirements to Maturity

	TIF District #6 Payable			Hockey Payable		
	City General Fund			City City and Schools Use Tax Fund		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2017	$53,000	$2,300	$55,300	$316,691	$83,309	$400,000
2018	54,239	2,167	56,406	329,960	70,040	400,000
2019	55,502	2,032	57,534	343,786	56,214	400,000
2020	56,792	1,893	58,685	358,190	41,810	400,000
2021	58,107	1,751	59,858	373,198	26,802	400,000
2022-2026	312,350	6,505	318,855	266,459	11,165	277,624
2027-2031	329,963	2,491	318,855	-	-	-
	$919,953	**$19,139**	**$925,493**	**$1,988,284**	**$289,340**	**$2,277,624**

	DAS Payable		Golf Cart Payable		
	City General Fund and City MAPS Operations Fund		OCMFA Services		
Fiscal Year	Principal	Total	Principal	Interest	Total
2017	$375,000	$375,000	$214,425	$16,105	$230,530
2018	285,000	285,000	219,322	11,208	230,530
2019	150,000	150,000	224,330	6,200	230,530
2020	-	-	152,393	1,294	153,687
	$810,000	**$810,000**	**$810,470**	**$34,807**	**$845,277**

VI. B. INTERFUND TRANSFERS AND PAYMENTS

Transfers Within the Golf Courses

Transfers within the golf courses include operating transfers for daily surcharges on golf rounds played and reimbursement of expenses on behalf of other courses including the reimbursement of the salary for the golf course buyer. Additionally transfers include operating reserve, equipment fund and administrative charges from each course to the golf system for additional expenses, new equipment purchases and water expenses from the City.

	Golf Courses Fund						
	Lake Hefner Golf Course	Lincoln Park Lincoln Park	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total
Lake Hefner	$ -	$4,998	$17,054	$ -	$ -	$440,723	$462,775
Lincoln	(4,998)	-	-	(4,004)	-	567,314	558,312
Trosper	(17,054)	-	-	(10,197)	-	35,475	8,224
Earlywine	-	4,004	10,197	-	-	324,184	338,385
James E. Stewart	-	-	-	-	-	-	-
Golf System	(440,723)	(567,314)	(35,475)	(324,184)	-	-	(1,367,696)
	($462,775)	**($558,312)**	**($8,224)**	**($338,385)**	**$ -**	**$1,367,696**	**$ -**

Payments To/From the City

		Governmental Activities	*Business-type Activities*		
	Purpose	General Purpose Fund	Golf Courses Fund	Fairgrounds Fund	Total
PAYMENT FROM					
City General Fund	Operating subsidies, administration charges, facility maintenance	$4,694,935	$1,112,557	$ -	$1,112,557
City Information Technology Fund	Tower lease	75,840	-	-	-
City Capital Improvement	Capital funding	-	10,846	-	10,846
City Hotel/Motel Fund	Fairgrounds debt service	-	-	7,960,184	7,960,184
City Municipal Facilities Fund	Capital funding	300,000	-	-	-
		$5,070,775	**$1,123,403**	**$7,960,184**	**$9,083,587**
PAYMENTS TO					
City Special Districts Fund	Cost reimbursement	$343,051	$ -	$ -	$ -
City General Fund	DAS Antennae	500,000	-	-	-
City Capital Improvement	Arena Improvements	471,703	-	-	-
City MAPS Operations	DAS Antennae	710,000	-	-	-
		$2,024,754	**$ -**	**$ -**	**$ -**

Dependency on the City

Governmental activities include operating subsidies for SMG management operations, utilities, and facility maintenance from the City General Fund and facility maintenance for the Civic Center from the City MAPS Operations Fund.

Business-type activities include a subsidy from the City for the cost for water and wastewater services to the Golf Courses Fund. For the year ended June 30, 2016, the City General Fund provided $766,286 to cover these costs. James E. Stewart Golf Course received a subsidy from the City General Fund in the amount of $346,271 for operating expenses. In addition, the City Hotel/Motel Tax Fund provides funds for debt service on the fairgrounds bonds.

VI. C. OTHER INTERFUND TRANSACTIONS

Administrative Charges

On August 26, 2003, the Authority increased green fees of $0.25 to $0.50 and annual green fees $25.00 to $62.50. This fee will reimburse a portion of funds necessary to finance various City administrative costs and water payments associated with the operation of the golf courses. On June 23, 2009, this fee was extended through June 30, 2014. On June 17, 2014, the Authority approved the extension of the fee through June 30, 2015. On May 19, 2015, the Authority approved the extension of the fee through June 30, 2016. The revenue generated from the fee extensions will be deposited into each golf course operations account and paid to the City General Fund. The administrative charges to the City for the year are as follows: Lake Hefner Golf Course $24,357; Lincoln Park Golf Course $27,185; Trosper Park Golf Course $8,213; and Earlywine Park Golf Course $17,011. These charges are reported with expenses.

In 2012 the Authority hired a business manager to manage the overall operations of the golf courses. The business manager is an employee of the City. The golf courses reimburse the City for the business manager's salary. The salary reimbursement to the City for the year are as follows: Lake Hefner Golf Course $30,741; Lincoln Park Golf Course $30,741; Trosper Park Golf Course $15,371; and Earlywine Park Golf Course $30,741. These charges are reported with expenses.

VII. PENSION PLANS

VII. A. DEFINED BENEFIT PENSION PLAN - OCERS

VII. A. 1. PLAN DESCRIPTION

The OCERS provides retirement benefits for substantially all full-time employees of the Authority.

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, 2014, rolled forward to June 30, 2015. Actuarial valuations are performed annually.

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 is measured in conformity with the requirements of GASB 68 is available. Detailed information about OCERS Retirement Plans' 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, Oklahoma 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:	
Employer	6.44% of covered payroll
Plan members	6.00% of covered payroll
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

OCERS is administered by the City and funded by contributions from participants and employers as necessary. 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% of covered payroll. 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

Pension benefit may be adjusted annually for changes in the Consumer Price Index. The maximum adjustment is 2% compounded annually.

Membership

Active employees - nonvested	833
Active employees - vested	1,667
Retirees and beneficiaries currently receiving benefits	1,380
Terminated plan members entitled to but not yet receiving benefits	82
	3,962

Actuarial Assumptions

Valuation date	12/31/14
Provisions for:	
Disability benefits	Yes
Death benefits	Yes
Actuarial cost method	Individual entry age
Amortization method	Level % of payroll
Amortization period	28 years, closed
Actuarial asset valuation method	4-year smoothed market
Actuarial Assumptions	
Investment rate of return	7.5%
Projected salary increases	3.75% to 7.25%
Post-retirement benefit increases (maximum)	2%
Inflation	3.0%
Mortality table	RP 2000 mortality table projected to 2010
Experience study	Actuarial assumptions were based upon results of an experience study covering the period January 1, 2008, through December 31, 2012.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by OCERS and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between OCERS and Plan members to that point. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions 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.

For the actuarial valuation dated December 31, 2014, the inflation rate decreased from 3.8% to 3.0%.

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.

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

Annual Pension Cost and Trend Information

	Annual Pension Cost		
Fiscal Year	OCERS	Authority Share	Percentage Contributed
2016	$33,371,059	$590,668	100%
2015	35,920,317	589,093	100

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)

Authority Share

The Authority's share of net pension asset is allocated using the Authority's share of employer contributions for the payroll ending June 30,2015. The Authority share is 1.77%.

	Total	Authority Share
Total pension liability	($623,305,898)	($11,032,514)
Fiduciary net position	670,163,985	11,861,903
Net pension asset (liability)	**$46,858,087**	**$829,389**
Plan fiduciary net position as a percentage of the total pension liability	**107.52%**	**107.52%**

	Total Pension Liability		Plan Fiduciary Net Position		Net Pension Asset (Liability)	
	OCERS	Authoirity Share	OCERS	Authority Share	OCERS	Authority Share
Beginning balance	#REF!	$10,567,720	$658,458,798	$11,654,721	$61,412,497	$1,087,001
Service cost	15,803,400	279,719	-	-	(15,803,400)	(279,719)
Interest	44,280,609	783,767	-	-	(44,280,609)	(783,767)
Differences between expecte and actual experience	(4,744,650)	(83,980)	-	-	4,744,650	83,980
Contributions - employer	-	-	8,207,083	145,265	8,207,083	145,265
Contributions - employee	-	-	7,668,356	135,730	7,668,356	135,730
Net investment income	-	-	25,206,761	446,160	25,206,761	446,160
Benefit payments and refunc	(29,079,762)	(514,712)	(29,079,762)	(514,712)	-	-
Administrative expense	-	-	(445,438)	(7,884)	(445,438)	(7,884)
Other changes	-	-	148,187	2,623	148,187	2,623
	#REF!	**$11,032,514**	**$670,163,985**	**$11,861,903**	**$46,858,087**	**$829,389**

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 OCERS . 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 Allocation

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.

Long-term Expected Rate of Return	
Core Bonds	2.80%
Core Plus	3.07
Global Bonds	2.63
Absolute Return	4.37
U.S. Large Cap Equity	7.80
U.S. Small Cap Equity	9.09
International Developed Equity	8.79
Emerging Market Equity	10.14
Long/Short Equity	7.64
Private Equity	10.43
Core Real Estate	5.51
Opportunistic Real Estate	8.80
Commodities	3.91

Target Allocation	
Domestic	50.00%
International	10.00
Fixed income	25.00
Real estate	15.00

Discount Rate

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

		Total Pension Asset (Liability)		Net Pension Asset (Liability)	
	Rate	OCERS	Authority Share	OCERS	Authority Share
1% decrease	6.50%	$700,497,103	$12,398,799	($30,333,118)	($536,896)
Current single discount rate	7.50	623,305,898	11,032,514	46,858,087	829,389
1% increase	8.50	558,242,087	9,880,885	111,921,898	1,981,018

VII. B. DEFINED CONTRIBUTION PLANS

The Authority participates in two defined contribution plans administered by the International City Manager's Association Retirement Corporation. 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 participants comprised of City Council appointees and management personnel. The Authority currently has no participants in the plan.

VIII. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

VIII. A. PLAN DESCRIPTION

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

Funding Policies, Contribution Methods and Benefit Provisions

Year established and governing authority	2008; City Council Ordinance
Determination of contribution requirements	City Policy
Contribution rates:	
Employer	56% of premium
Plan members	44% of premium
Funding of administrative costs	Investment earnings
Period required to vest	5 years
Eligibility for distribution	General employees are eligible for membership in the Plan if they retire from the City on or after age 55 with 5 years of service or at any age with 25 years of service. Police officers are eligible for benefits under the Plan if they retire from the City 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, the employer contribution rate changed from 58% of premium to 56% of premium. The employee contributes the balance of the premium. Administrative costs are funded with investment earnings.

Benefit Provisions

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. Additional benefits for dental, life and vision are available with no subsidy from the City. 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.

Membership

Active members	3,563
Retirees and beneficiaries currently receiving benefits	2,169
	5,732

Annual Required Contributions - Actuarial Assumptions

Provisions for:	City OPEB
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	4.9%
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 rate	3.0%
Projected salary increases	3.0%
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 used techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

OPEB Actuarial Changes

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

In the July 1, 2015, actuarial valuation, adjustments have been made to the AAL and normal cost for actual premium increases from 2014 to 2015, which increased the City's liabilities on a net basis as the reduction in pre-Medicare liabilities is more than offset by the increase in Medicare liablilities.

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

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

Annual OPEB Costs

	Authority Funds	Total
Annual required contribution	$500,498	$33,371,059
Interest on net OPEB obligation	102,909	6,854,945
Adjustment to annual required contribution	(94,470)	(6,292,817)
Annual OPEB cost	508,937	33,933,187
Contributions made	-	(17,811,341)
Increase in net OPEB obligation	508,937	16,121,846
Net OPEB obligation, beginning of year	3,458,424	139,611,965
end of year	**$3,967,361**	**$155,733,811**

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.

VIII. C. FUNDED STATUS AND FUNDING PROGRESS

Actuarial value of plan assets (AVA)	$39,337,227
Actuarial accrued liability (AAL)	440,232,138
Unfunded actuarial accrued liability (UAAL)	400,894,911
Funded ratio (AVA/AAL)	8.9%
Covered payroll (active plan members)	219,484,135
UAAL as a percentage of covered payroll	182.7%

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. COMMITMENTS

Construction projects are substantially funded with revenue bonds. Active construction in progress remaining commitments at June 30, 2016, are composed of improvements in government activities totaling $105,296.

An agreement has been entered into between the Authority, the National Collegiate Athletic Association (NCAA) the Oklahoma City All Sports Association (OCASA) and the City, whereby the Authority has committed to fund various improvements to the Softball Hall of Fame Complex, in return for the NCAA's commitment to hold, sponsor and play the NCAA Division I Women's Collegiate Softball World Series in Oklahoma City through 2035. The funding commitment and NCAA commitment is based upon the completion of various phases of the anticipated overall project. The aggregate funding commitment from the Authority is approximately $25 million dollars. Of this amount, $15 million is expected to be funded by a City general obligation bond proceeds, $7 million is expected to be funded with donations and sponsorships and $3 million is expected to be funded by naming rights. The Authority has assigned the obligations to be funded by City general obligation bond proceeds, donations and sponsorships to the City. As of June 30, 2016, the remaining commitment under the agreement is approximately $14.588 million including $11.663 million assigned to the City.

Required Supplementary Information

I. SCHEDULE OF AUTHORITY'S SHARE OF NET PENSION LIABILITY (ASSET) (1)(2)

	2016	2015
Authority Share	1.77%	1.64%
Authority share of the net pension liability (asset)	($829,389)	($1,007,164)
Other funds of the City share of the net pension liability (asset)	(46,028,698)	(60,405,333)
Total net pension liability (asset)	**($46,858,087)**	**($61,412,497)**
Covered - employee payroll	$127,805,936	$124,957,446
Authority share of covered employee payroll	2,262,165	2,049,302
Net pension liability (asset) as a percentage of covered - employee payroll	-36.66%	-49.15%
Plan fiduciary net positon as a percentage of total pension liability	107.52%	110.29%

(1) Amounts presented above represent the Authority's proportionate share presented in Note VII. A. DEFINED BENEFIT PENSION PLAN - OCERS

(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.

II. SCHEDULE OF AUTHORITY'S SHARE OF EMPLOYER CONTRIBUTIONS (1)(2)

June 30,	Contractually Required Contribution (CRC) (3)	Contributions in Relation to CRC	Contributions Deficiency (Excess)	Covered Payroll	Actual Contribution As a Percentage of Covered Payrol
2016 (4)	$131,174	$131,174	$ -	$2,186,233	6.00%
2015	145,683	145,265	418	2,262,165	6.42
2014	157,029	157,029	-	2,211,747	7.10

(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.

I. SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2015	$39,337,227	$440,232,138	$400,894,911	8.9%	$219,484,135	182.7%
7/1/2014	34,027,895	474,680,748	440,652,853	7.2	213,091,393	206.8
7/1/2013	26,315,759	451,028,790	424,713,031	5.8	203,859,835	208.3

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year	Employer Contribution	Annual Required Contribution	Percentage Contributed
2016	$17,811,341	$33,371,059	53.4%
2015	18,815,545	35,920,317	52.4
2014	19,619,034	33,975,672	57.7

III. NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

Combining Financial Statements

Golf Courses Fund

* ***Lake Hefner Golf Course*** *–Used to account for the operations of the Lake Hefner Golf Course.*

* ***Lincoln Park Golf Course*** *–Used to account for the operations of the Lincoln Park Golf Course.*

* ***Trosper Park Golf Course*** *–Used to account for the operations of the Trosper Park Golf Course.*

* ***Earlywine Park Golf Course*** *–Used to account for the operations of the Earlywine Park Golf Course.*

* ***James E. Stewart Golf Course*** *–Used to account for the operations of the James E. Stewart Golf*

* ***Golf Course System*** *–Used to account for the collective capital investments and operational costs paid from surcharges on green fees and other transfers from the individual golf courses.*

	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total Golf Fund
ASSETS							
CURRENT ASSETS							
Pooled cash	$ -	$ -	$ -	$ -	$ -	$356,585	$356,585
Non-pooled cash	352,552	381,341	28,220	325,810	47,751	-	1,135,674
Investments	-	-	-	-	-	1,532,126	1,532,126
Interest, dividends, and royalties receivable	-	-	-	-	-	766	766
Due within golf courses	(29,948)	(36,976)	(14,894)	(22,618)	(367)	104,803	-
Due within Authority	(284)	-	-	-	-	-	(284)
Inventories	125,377	40,936	26,209	101,018	25,930	-	319,470
Prepaids	2,105	3,804	1,819	4,227	1,675	-	13,630
Total current assets	449,802	389,105	41,354	408,437	74,989	1,994,280	3,357,967
NON-CURRENT ASSETS							
Investments	-	-	-	-	-	455,710	455,710
Advances within the golf courses	61,500	(30,000)	(65,833)	-	-	34,333	-
Prepaids, non-current	-	538	565	-	-	-	1,103
Net pension asset	271,777	224,919	79,659	182,747	70,287	-	829,389
Capital assets:							
Other capital assets, net of accumulated depreciation	793,771	2,525,110	648,465	982,242	328,000	6,925,027	12,202,615
Capital assets, net	793,771	2,525,110	648,465	982,242	328,000	6,925,027	12,202,615
Total non-current assets	1,127,048	2,720,567	662,856	1,164,989	398,287	7,415,070	13,488,817
Total assets	**1,576,850**	**3,109,672**	**704,210**	**1,573,426**	**473,276**	**9,409,350**	**16,846,784**
DEFERRED OUTFLOWS OF RESOURCES	**42,984**	**35,573**	**12,599**	**28,903**	**11,117**	**1,323**	**132,499**
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable and accrued expenses	51,925	73,577	22,361	31,171	13,929	69,725	262,688
Wages and benefits payable	64,991	56,424	18,455	49,818	19,314	-	209,002
Payable to the City of Oklahoma City	136,206	180,934	17,349	39,088	26,704	10,046	410,327
Compensated absences	22,840	16,949	10,690	18,779	3,072	-	72,330
Bond interest payable	-	-	-	-	-	104,592	104,592
Bonds payable	-	-	-	-	-	795,000	795,000
Total current liabilities	275,962	327,884	68,855	138,856	63,019	979,363	1,853,939
NON-CURRENT LIABILITIES							
Compensated absences	45,724	29,864	8,776	27,857	4,107	-	116,328
Payable to the City of Oklahoma City	253,324	342,721	-	-	-	-	596,045
Bonds payable, net	-	-	-	-	-	12,027,083	12,027,083
Net other post-employment benefit obligation	1,358,685	1,141,296	380,432	652,169	434,779	-	3,967,361
Total non-current liabilities	1,657,733	1,513,881	389,208	680,026	438,886	12,027,083	16,706,817
Total liabilities	**1,933,695**	**1,841,765**	**458,063**	**818,882**	**501,905**	**13,006,446**	**18,560,756**
DEFERRED INFLOWS OF RESOURCES	**112,910**	**93,443**	**33,095**	**75,922**	**29,201**	**-**	**344,571**
NET POSITION (DEFICIT)							
Net investment in capital assets	793,768	2,525,108	648,464	982,241	328,000	(5,002,084)	275,497
Restricted for: Capital projects	-	-	-	-	-	990	990
Debt service	-	-	-	-	-	596,954	596,954
Unrestricted	(1,220,539)	(1,315,071)	(422,813)	(274,716)	(374,713)	808,367	(2,799,485)
Total net position (deficit)	**($426,771)**	**$1,210,037**	**$225,651**	**$707,525**	**($46,713)**	**($3,595,773)**	**($1,926,044)**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

GOLF COURSES FUND

For the Year Ended June 30, 2016

	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total Golf Fund
OPERATING REVENUES							
CHARGES FOR SERVICES							
Green fees	$1,673,559	$1,616,690	$474,261	$1,101,300	$181,066	$ -	$5,046,876
Concessions	602,296	526,009	135,986	231,023	63,608	-	1,558,922
Other charges	1,429	24,783	120	277	(55)	-	26,554
Total charges for services	2,277,284	2,167,482	610,367	1,332,600	244,619	-	6,632,352
Golf cart rentals	743,945	844,426	257,484	539,840	74,075	-	2,459,770
Other	493	33	71	28,056	62	-	28,715
Total operating revenues	**3,021,722**	**3,011,941**	**867,922**	**1,900,496**	**318,756**	**-**	**9,120,837**
OPERATING EXPENSES							
Personal services	1,598,515	1,409,775	449,428	857,745	577,321	-	4,892,784
Maintenance, operations, and contractual services	388,309	476,847	179,908	267,551	128,267	914,953	2,355,835
Materials and supplies	531,887	573,578	159,786	354,918	173,191	3,604	1,796,964
Depreciation	143,861	285,816	110,329	162,190	78,003	141,852	922,051
Total operating expenses	**2,662,572**	**2,746,016**	**899,451**	**1,642,404**	**956,782**	**1,060,409**	**9,967,634**
Operating income (loss)	**359,150**	**265,925**	**(31,529)**	**258,092**	**(638,026)**	**(1,060,409)**	**(846,797)**
NON-OPERATING REVENUES (EXPENSES)							
Investment income	11	-	-	146	-	3,738	3,895
Interest on bonds and notes	(8,711)	(11,786)	-	-	-	(424,023)	(444,520)
Amortization	-	-	-	-	-	2,667	2,667
Payments from the City of Oklahoma City	-	-	-	-	357,117	766,286	1,123,403
Other revenues	5,655	2,501	490	5,365	67,809	230	82,050
Net non-operating revenues (expenses)	**(3,045)**	**(9,285)**	**490**	**5,511**	**424,926**	**348,898**	**767,495**
Income (loss) before transfers	**356,105**	**256,640**	**(31,039)**	**263,603**	**(213,100)**	**(711,511)**	**(79,302)**
Transfers within the golf courses	**(462,775)**	**(558,312)**	**(8,224)**	**(338,385)**	**-**	**1,367,696**	**-**
Changes in net position (deficit)	**(106,670)**	**(301,672)**	**(39,263)**	**(74,782)**	**(213,100)**	**656,185**	**(79,302)**
Total net position, beginning	(320,101)	1,511,709	264,914	782,307	166,387	(4,251,958)	(1,846,742)
Total net position (deficit), ending	**($426,771)**	**$1,210,037**	**$225,651**	**$707,525**	**($46,713)**	**($3,595,773)**	**($1,926,044)**

	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total Golf Fund
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers	$3,004,558	$3,000,351	$866,521	$1,888,478	$387,612	$7,759	$9,155,279
Cash payments to suppliers for goods and services	(905,810)	(928,259)	(344,335)	(610,152)	(287,664)	(950,745)	(4,026,965)
Cash payments to employees and professional contractors for services	(1,471,803)	(1,139,660)	(448,224)	(996,411)	(435,141)	(9,923)	(4,501,162)
Cash payments for internal services	(17,237)	(84,180)	(15,721)	(3,043)	(9,868)	(55,658)	(185,707)
Operating payments from City of Oklahoma City	-	-	-	-	357,117	758,374	1,115,491
Operating payments within the Department	(448,139)	(554,449)	(4,216)	(336,651)	-	1,343,455	-
Net cash provided (used) by operating activities	**161,569**	**293,803**	**54,025**	**(57,779)**	**12,056**	**1,093,262**	**1,556,936**
CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES							
Payments for acquisition and construction of capital assets	(12,000)	(49,000)	(15,375)	(78,751)	(15,000)	(586,208)	(756,334)
Principal paid on long-term debt	(89,098)	(130,767)	(44,583)	-	-	(720,190)	(984,638)
Interest paid on long-term debt	(8,879)	(11,786)	-	-	-	(429,538)	(450,203)
Proceeds from sale of assets	3,212	1,135	-	167	62	-	4,576
Net cash used by capital and related financing activities	**(106,765)**	**(190,418)**	**(59,958)**	**(78,584)**	**(14,938)**	**(1,735,936)**	**(2,186,599)**
CASH FLOWS FROM INVESTING ACTIVITIES							
Payments for purchase of investments	-	-	-	-	-	(1,215,149)	(1,215,149)
Proceeds from sale of investments	-	-	-	-	-	1,797,948	1,797,948
Changes in pooled investments	-	-	-	-	-	80,850	80,850
Investment income received	11	-	-	146	-	4,969	5,126
Net cash provided by investing activities	**11**	**-**	**-**	**146**	**-**	**668,618**	**668,775**
Net increase (decrease) in cash	**54,815**	**103,385**	**(5,933)**	**(136,217)**	**(2,882)**	**25,944**	**39,112**
Cash, beginning	297,737	277,956	34,153	462,027	50,633	330,641	1,453,147
Cash, ending	**$352,552**	**$381,341**	**$28,220**	**$325,810**	**$47,751**	**$356,585**	**$1,492,259**

COMBINING STATEMENT OF CASH FLOWS
GOLF COURSES FUND

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

For the Year Ended June 30, 2016

	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total Golf Fund
RECONCILIATION OF OPERATING INCOME (LOSS)							
Operating income (loss)	**$359,150**	**$265,925**	**($31,529)**	**$258,092**	**($638,026)**	**($1,060,409)**	**($846,797)**
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) OPERATING ACTIVTIES							
Depreciation	143,861	285,816	110,329	162,190	78,003	141,852	922,051
Other revenue	2,436	1,384	488	1,192	67,736	208	73,444
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	150	150	527	375	100	-	1,302
(Increase) decrease in payments/transfers from (to) within the Department	(462,777)	(558,312)	(8,224)	(338,385)	-	1,367,698	-
(Increase) decrease in receivable from City of Oklahoma City	16,489	376	5,396	3,340	357,117	736,581	1,119,299
(Increase) decrease in inventories	10,241	20,122	(4,696)	(20,749)	(12,100)	-	(7,182)
(Increase) decrease in prepaid assets	(1,691)	471	(485)	892	9	-	(804)
(Increase) decrease in net pension asset	59,851	14,590	24,742	50,621	27,973	-	177,777
(Increase) decrease in deferred outflows	1,333	(3,565)	1,353	2,284	2,014	-	3,419
Increase (decrease) in accounts payable and accrued expenses	(46,522)	(17,774)	(27,254)	(12,235)	(8,461)	(28,793)	(141,039)
Increase (decrease) in wages and benefits payable	8,033	9,542	2,019	11,579	4,291	-	35,464
Increase (decrease) in payable to City of Oklahoma City	42,378	43,369	15,103	38,350	25,374	(63,875)	100,699
Increase (decrease) in compensated absences	(3,561)	7,418	4,323	3,319	(1,303)	-	10,196
Increase (decrease) in net pension liability	164,394	307,871	6,002	(122,083)	152,752	-	508,936
Increase (decrease) in deferred inflows	(132,196)	(83,580)	(44,069)	(96,561)	(43,423)	-	(399,829)
Total adjustments	(197,581)	27,878	85,554	(315,871)	650,082	2,153,671	2,403,733
Net cash provided (used) by operating activities	**$161,569**	**$293,803**	**$54,025**	**($57,779)**	**$12,056**	**$1,093,262**	**$1,556,936**

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

To the Board of Trustees
Oklahoma City Public Property Authority
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oklahoma City Public Property Authority (Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 18, 2016.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our 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 Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allen, Gibbs & Houlik, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

November 18, 2016
Wichita, Kansas