



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, 2017

THE OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

A Blended Component Unit of
Oklahoma City, Oklahoma

Board of Trustees

Mick Cornett, Chairman

James Greiner

Ed Shadid

Larry McAtee

Todd Stone

David Greenwell

Margaret S. "Meg" Salyer

John A. Pettis Jr.

Mark K. Stonecipher

Management

James D. Couch, General Manager

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

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

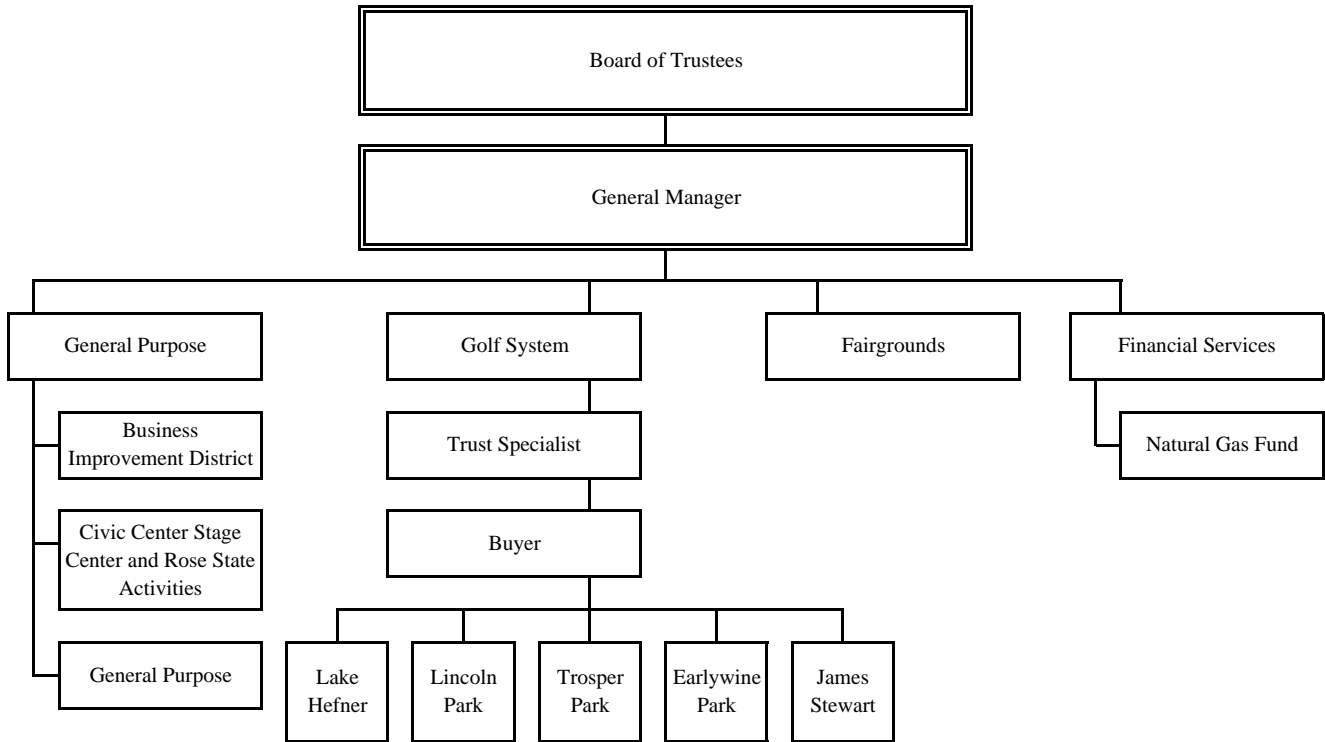
THE OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

TABLE OF CONTENTS

For the Fiscal Year Ended June 30, 2017

	PAGE
Oklahoma City Public Property Authority Organization Chart	ii
Introductory:	
Transmittal Letter	1
Financial:	
Independent Auditor's Report on Financial Statements and Supplementary Information	3
Management's Discussion and Analysis	5
Basic Financial Statements:	
<i>Authority-wide Statements:</i>	
Statement of Net Position	14
Statement of Activities	15
<i>Fund Financial Statements:</i>	
Governmental Fund:	
Balance Sheet	16
Statement of Revenues, Expenditures, and Changes in Fund Balance	17
Proprietary Funds:	
Statement of Net Position	18
Statement of Revenues, Expenses, and Changes in Net Position	19
Statement of Cash Flows	20
Notes to Financial Statements	21
Required Supplementary Information	61
Combining Financial Statements:	
<i>Golf Courses Enterprise Fund Statements:</i>	
Combining Statement of Net Position	64
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	65
Combining Statement of Cash Flows	66
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	69

Oklahoma City Public Property Authority Organization Chart



Introductory Section



The City of
OKLAHOMA CITY
DEPARTMENT OF FINANCE

November 17, 2017

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, 2017, 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, Capitol Hill, and Adventure.

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

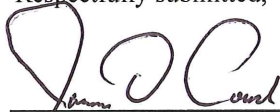
According to the website Glassdoor, Oklahoma City came in at No. 10 on their 2016 list of "Best Cities for Jobs" and No. 3 in their study for "Best Large Cities to Start a Business." The list for best cities for jobs was based on factors such as hiring opportunity, cost of living and job satisfaction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

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

The 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 A. Freeman
City of Oklahoma City,
Finance Director



Laura L. Papas
City of Oklahoma City,
Controller

Financial Section

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 (Authority), a blended component unit of the City of Oklahoma City, Oklahoma (City), as of and for the year ended June 30, 2017, 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 opinions 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, 2017, 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.

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 audit was conducted for the purpose of forming opinions 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 combining financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying transmittal letter is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

November 17, 2017
Wichita, KS

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, 2017. 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 \$74,188,098 (net position) for 2017. This compares to the previous year when assets exceeded liabilities by \$80,871,015.
- Total liabilities for the Authority increased by \$475,533 to \$122,667,240 during the fiscal year.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$62,815,020 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 \$4,555,146 is restricted for capital projects and debt service.
 - (3) Restricted net position of \$876,944 is restricted for public service.
 - (4) Restricted net position of \$1,496,397 is restricted for culture and recreation.
 - (5) Unrestricted net position is \$4,444,591.
- The Authority's governmental fund reported total ending fund balance of \$13,586,570 this year. This compares to the prior year ending fund balance of \$12,713,981, showing an increase of \$872,589 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 \$74,188,098. This is a decrease of \$6,682,917 from last year's net position. Overall the Authority's financial position declined during fiscal year 2017.

Summary of Net Position

	Governmental Activities		Business-type Activities		Totals		% Change
	2017	2016	2017	2016	2017	2016	
Assets							
Current assets	\$28,793,702	\$23,877,287	\$23,610,162	\$27,050,967	\$52,403,864	\$50,928,254	2.9%
Capital assets, net	83,984,031	86,501,535	58,279,673	63,597,162	142,263,704	150,098,697	(5.2)
Other non-current assets	<u>235,445</u>	-	<u>1,546,518</u>	<u>2,446,872</u>	<u>1,781,963</u>	<u>2,446,872</u>	(27.2)
Total assets	<u>113,013,178</u>	<u>110,378,822</u>	<u>83,436,353</u>	<u>93,095,001</u>	<u>196,449,531</u>	<u>203,473,823</u>	(3.5)
Deferred outflows	-	-	<u>872,557</u>	<u>132,499</u>	<u>872,557</u>	<u>132,499</u>	558.5
Liabilities							
Current liabilities	15,924,603	11,400,704	6,404,175	6,332,601	22,328,778	17,733,305	25.9
Non-current liabilities	<u>3,590,604</u>	<u>3,836,654</u>	<u>96,747,858</u>	<u>100,621,748</u>	<u>100,338,462</u>	<u>104,458,402</u>	(3.9)
Total liabilities	<u>19,515,207</u>	<u>15,237,358</u>	<u>103,152,033</u>	<u>106,954,349</u>	<u>122,667,240</u>	<u>122,191,707</u>	0.4
Deferred inflows	-	-	<u>466,750</u>	<u>543,600</u>	<u>466,750</u>	<u>543,600</u>	(14.1)
Net position (deficit)							
Net investment in capital assets	83,928,293	86,321,087	(21,113,273)	(15,498,761)	62,815,020	70,822,326	(11.3)
Restricted for:							
Capital projects	1,111,636	669,118	993	990	1,112,629	670,108	66.0
Debt service	-	-	3,442,517	3,391,745	3,442,517	3,391,745	1.5
Public services	876,944	2,320,755	-	-	876,944	2,320,755	(62.2)
Culture and recreation	1,496,397	2,476,855	-	-	1,496,397	2,476,855	(39.6)
Unrestricted	<u>6,084,701</u>	<u>3,353,649</u>	<u>(1,640,110)</u>	<u>(2,164,423)</u>	<u>4,444,591</u>	<u>1,189,226</u>	273.7
Total net position (deficit)	<u>\$93,497,971</u>	<u>\$95,141,464</u>	<u>(\$19,309,873)</u>	<u>(\$14,270,449)</u>	<u>\$74,188,098</u>	<u>\$80,871,015</u>	(8.3)

Current assets increased by \$4.92 million in governmental activities and decreased by \$3.44 million in business-type activities. Governmental activities cash and investments increased \$4.91 million. Accounts receivable decreased \$308 thousand primarily related to timing of event related receivables at the Chesapeake Energy Arena and Cox Convention Center. Business-type activities cash and investments decreased \$3.51 million primarily due to construction projects funded by Series 2015 fairgrounds bonds.

Capital assets, net of accumulated depreciation, decreased \$2.52 million and \$5.32 million in governmental and business-type activities, related to normal depreciation of \$4.80 million and \$6.62 million, and retirements of \$161 thousand and \$18 thousand, net of acquisition and construction costs of \$2.45 million and \$1.32 million, respectively.

Total liabilities increased \$4.28 million in governmental activities primarily from unearned revenue increases of \$4.55 million for Chesapeake Energy Arena and Cox Convention Center events. Business-type activities decreased \$3.80 million primarily due to scheduled debt service payments.

Reclassifications have been made to 2016 functional amounts in program expenses in governmental activities to conform with current year presentation.

	Summary of Changes in Net Position						% Change
	Governmental Activities		Business-type Activities		Totals		
	2017	2016	2017	2016	2017	2016	
Revenues							
Charges for services	\$20,884,282	\$19,398,802	\$9,768,281	\$9,906,004	\$30,652,563	\$29,304,806	4.6%
Operating grants and contributions	9,151,301	5,091,379	8,965,508	9,108,252	18,116,809	14,199,631	27.6
Capital grants and contributions	93,425	318	-	-	93,425	318	29278.9
General revenues	529,112	1,518,737	9,891	7,894	539,003	1,526,631	(64.7)
Total revenues	30,658,120	26,009,236	18,743,680	19,022,150	49,401,800	45,031,386	9.7
Expenses							
General government	68,471	346,148	-	-	68,471	346,148	(80.2)
Public services	1,152,592	1,180,560	-	-	1,152,592	1,180,560	(2.4)
Culture and recreation	30,993,202	27,530,207	-	-	30,993,202	27,530,207	12.6
Economic development	200	194	-	-	200	194	3.1
Interest on long-term debt	87,148	138,013	-	-	87,148	138,013	(36.9)
Golf courses	-	-	10,747,007	10,409,487	10,747,007	10,409,487	3.2
Fairgrounds	-	-	12,296,212	11,665,169	12,296,212	11,665,169	5.4
Financial services	-	-	739,885	675,819	739,885	675,819	9.5
Total expenses	32,301,613	29,195,122	23,783,104	22,750,475	56,084,717	51,945,597	8.0
Changes in net position	(1,643,493)	(3,185,886)	(5,039,424)	(3,728,325)	(6,682,917)	(6,914,211)	3.3
Beginning net position (deficit)	95,141,464	98,327,350	(14,270,449)	(10,542,124)	80,871,015	87,785,226	(7.9)
Ending net position (deficit)	\$93,497,971	\$95,141,464	(\$19,309,873)	(\$14,270,449)	\$74,188,098	\$80,871,015	(8.3)

Charges for services increased \$1.49 million in governmental activities primarily for increases of \$1.48 million in public events charges. Business-type activities decreased \$138 thousand related to a decrease in Golf Courses Fund revenue of \$187 thousand from decreased rounds played, offset by an increase of \$13 thousand in natural gas charges in the Financial Services Fund related to an upturn in natural gas prices nationwide.

Governmental expenses increased \$3.11 million in the current year. This is comprised of a decrease in general government expenses of \$278 thousand, of which \$343 thousand was for payments to the City Special Districts Fund to provide business improvement districts funding, offset by \$58 thousand for return of excess subsidy costs. Public services remained relatively constant decreasing \$28 thousand. Culture and recreation increased by \$3.46 million, primarily due to increases of \$3.58 million in Civic Center operations and \$449 thousand in ballpark related capital expenses, offset by a decrease of \$625 thousand in Chesapeake Energy Arena and Cox Convention Center capital improvements. Interest on long term debt decreased \$51 thousand related to scheduled debt service payments.

Business-type expenses increased \$1.03 million compared to the prior year. Golf course expenses increased \$338 thousand primarily due to increases in personnel and maintenance costs across all golf courses. Fairgrounds expenses increased \$631 thousand mainly due to scheduled debt service payments. Financial services increased \$64 thousand due to higher natural gas prices.

Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2017, was \$83,984,031 and \$58,279,673, respectively.

	Capital Assets, Net of Accumulated Depreciation						
	Governmental Activities		Business-type Activities		Totals		% Change
	2017	2016	2017	2016	2017	2016	
Non-Depreciable Assets							
Construction in progress	\$1,818,280	\$201,507	\$694,468	\$81,548	\$2,512,748	\$283,055	787.7%
Land	<u>8,546,040</u>	<u>8,295,215</u>	<u>2,004,837</u>	<u>2,004,837</u>	<u>10,550,877</u>	<u>10,300,052</u>	2.4
Total non-depreciable assets	<u>10,364,320</u>	<u>8,496,722</u>	<u>2,699,305</u>	<u>2,086,385</u>	<u>13,063,625</u>	<u>10,583,107</u>	23.4
Depreciable Assets							
Buildings	40,610,430	41,751,845	30,848,969	31,635,782	71,459,399	73,387,627	(2.6)
Improvements other than buildings	28,617,956	30,368,892	22,577,884	27,732,599	51,195,840	58,101,491	(11.9)
Furniture, machinery, and equipment	<u>4,391,325</u>	<u>5,884,076</u>	<u>2,153,515</u>	<u>2,142,396</u>	<u>6,544,840</u>	<u>8,026,472</u>	(18.5)
Total depreciable assets	<u>73,619,711</u>	<u>78,004,813</u>	<u>55,580,368</u>	<u>61,510,777</u>	<u>129,200,079</u>	<u>139,515,590</u>	(7.4)
Total	<u>\$83,984,031</u>	<u>\$86,501,535</u>	<u>\$58,279,673</u>	<u>\$63,597,162</u>	<u>\$142,263,704</u>	<u>\$150,098,697</u>	(5.2)

Construction in progress for governmental funds increased by \$1.62 million, of which \$1.56 million was for sound system upgrades at the Chesapeake Energy Arena and \$6 thousand of which was for sound system upgrades at the Civic Center Music Hall.

Business-type construction in progress increased \$613 thousand. There were ongoing construction projects at the fairgrounds of \$694 thousand. Construction at the fairgrounds included \$310 thousand related to work on an RV park, \$212 thousand related to fairgrounds lighting, and \$163 thousand related to architectural services for a new fairgrounds arena. There was capital outlay of \$163 thousand for landscaping and maintenance equipment at the municipal golf courses, and final construction costs of \$5 thousand for the club house at Lincoln Park Golf Course. See Note II. E. for more information regarding capital assets.

Long-term Debt

Advances

At the end of the fiscal year the Authority had total advances outstanding of \$4,341,738. 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, 2017, there was an outstanding balance of \$596,045.

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, 2017, is \$866,952, with accrued interest of \$1,264.

On February 16, 2010, the Authority received \$3.20 million from the City to fund Cox Convention Center facility renovations and improvements. The balance of the loan at June 30, 2017, is \$2,243,741, with accrued interest of \$4,923.

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, 2017, the balance due the City General Fund and City MAPS Operations Fund are \$325,000 and \$310,000, respectively.

Notes Payable

On May 11, 2006, the Authority issued a capital improvement note for the underground improvement project for \$2 million. The note was paid in full in December of 2016. See Note III. C. for more information on notes payable.

Revenue Bonds

At the end of the fiscal year the Authority had total outstanding bonded debt of \$89,575,000 including fairgrounds bonded debt outstanding of \$77,580,000 and golf bonded debt of \$11,995,000. 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			
	<u>2017</u>	<u>2016</u>	2017 - 2016 <u>Amount of Change</u>	2017 - 2016 <u>% Change</u>
Advances	\$4,341,738	\$4,528,707	(\$186,969)	(4.1%)
Notes payable	-	168,857	(168,857)	(100.0)
Revenue bonds	<u>89,575,000</u>	<u>92,990,000</u>	<u>(3,415,000)</u>	(3.7)
	<u>\$93,916,738</u>	<u>\$97,687,564</u>	<u>(\$3,770,826)</u>	(3.9)

The change in outstanding debt for advances is primarily due to decreases of \$241 thousand in scheduled debt service payments, offset by an increase of \$54 thousand for the Prodigal Hockey loan. The change in notes payable is due to scheduled debt payments of \$169 thousand. The decrease in revenue bonds is due to scheduled debt payments of \$3.42 million. See Note III. G. 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 remained fairly steady year over year. The lower priced sunset fees helped the golf courses mitigate a decrease in rounds of 1.76% despite declines in daily, junior, and twilight rounds. Financial services reported both revenue and expense increases related to an increase in nationwide natural gas prices. The economic factors did not affect the financial position of the other activities of the Authority.

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.

This Page Left Intentionally Blank

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.

STATEMENT OF NET POSITION
June 30, 2017

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash-----	\$17,156,085	\$1,731,310	\$18,887,395
Investments-----	9,611,712	20,358,717	29,970,429
Property taxes receivable-----	1,949	-	1,949
Accounts receivable, net-----	1,165,248	5,494	1,170,742
Interest, dividends, and royalties receivable-----	17,561	10,133	27,694
Receivable from the City of Oklahoma City-----	347,426	1,140,000	1,487,426
Receivable from component units-----	9,426	-	9,426
Advanced funding-----	162,887	-	162,887
Inventories and prepaids-----	321,408	364,508	685,916
Total current assets-----	28,793,702	23,610,162	52,403,864
NON-CURRENT ASSETS			
Investments-----	-	1,233,250	1,233,250
Prepaids, non-current-----	235,445	313,268	548,713
Capital assets:			
Land and construction in progress-----	10,364,320	2,699,305	13,063,625
Other capital assets, net of accumulated depreciation-----	73,619,711	55,580,368	129,200,079
Capital assets, net-----	83,984,031	58,279,673	142,263,704
Total non-current assets-----	84,219,476	59,826,191	144,045,667
Total assets-----	113,013,178	83,436,353	196,449,531
DEFERRED OUTFLOWS OF RESOURCES-----			
	-	872,557	872,557
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued expenses-----	2,908,961	1,087,382	3,996,343
Wages and benefits payable-----	-	220,026	220,026
Payable to City of Oklahoma City-----	2,858,671	442,896	3,301,567
Compensated absences-----	-	74,653	74,653
Unearned revenue-----	10,156,971	-	10,156,971
Bond interest payable-----	-	1,029,218	1,029,218
Bonds payable-----	-	3,550,000	3,550,000
Total current liabilities-----	15,924,603	6,404,175	22,328,778
NON-CURRENT LIABILITIES			
Compensated absences-----	-	122,521	122,521
Payable to City of Oklahoma City-----	2,928,636	376,723	3,305,359
Unearned revenue-----	661,968	-	661,968
Bonds payable, net-----	-	91,734,526	91,734,526
Net pension liability-----	-	20,413	20,413
Net other post-employment benefit obligation-----	-	4,493,675	4,493,675
Total non-current liabilities-----	3,590,604	96,747,858	100,338,462
Total liabilities-----	19,515,207	103,152,033	122,667,240
DEFERRED INFLOWS OF RESOURCES-----			
	-	466,750	466,750
NET POSITION (DEFICIT)			
Net investment in capital assets-----	83,928,293	(21,113,273)	62,815,020
Restricted for:			
Capital projects-----	1,111,636	993	1,112,629
Debt service-----	-	3,442,517	3,442,517
Public services-----	876,944	-	876,944
Culture and recreation-----	1,496,397	-	1,496,397
Unrestricted-----	6,084,701	(1,640,110)	4,444,591
Total net position (deficit)-----	\$93,497,971	(\$19,309,873)	\$74,188,098

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	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-----	\$68,471	\$ -	\$8,945,056	\$ -	\$8,876,585	\$ -	\$8,876,585
Public services-----	1,152,592	-	-	-	(1,152,592)	-	(1,152,592)
Culture and recreation-----	30,993,202	20,884,282	206,066	93,425	(9,809,429)	-	(9,809,429)
Economic development-----	200	-	179	-	(21)	-	(21)
Interest on long-term debt-----	87,148	-	-	-	(87,148)	-	(87,148)
Total governmental activities-----	32,301,613	20,884,282	9,151,301	93,425	(2,172,605)	-	(2,172,605)
BUSINESS-TYPE ACTIVITIES							
Golf courses-----	10,747,007	9,047,272	1,394,022	-	-	(305,713)	(305,713)
Fairgrounds-----	12,296,212	5,087	7,571,486	-	-	(4,719,639)	(4,719,639)
Financial services-----	739,885	715,922	-	-	-	(23,963)	(23,963)
Total business-type activities-----	23,783,104	9,768,281	8,965,508	-	-	(5,049,315)	(5,049,315)
Total-----	\$56,084,717	\$30,652,563	\$18,116,809	\$93,425	(2,172,605)	(5,049,315)	(7,221,920)
GENERAL REVENUES							
TAXES							
Tax incremental financing property taxes-----					63,688	-	63,688
Unrestricted investment income-----					4,973	9,891	14,864
Miscellaneous-----					460,451	-	460,451
Total general revenues-----					529,112	9,891	539,003
Changes in net position (deficit)-----					(1,643,493)	(5,039,424)	(6,682,917)
Net assets (deficit)-beginning-----					95,141,464	(14,270,449)	80,871,015
Net position (deficit)-ending-----					\$93,497,971	(\$19,309,873)	\$74,188,098

See accompanying notes to financial statements.

**BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2017**

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	General Purpose Fund
<u>ASSETS</u>	
Pooled cash-----	\$3,291,397
Non-pooled cash-----	13,864,688
Investments-----	9,611,712
Property taxes receivable-----	1,949
Accounts receivable-----	1,165,248
Interest, dividends, and royalties receivable-----	17,561
Receivable from City of Oklahoma City-----	347,426
Receivable from component units-----	9,426
Advanced funding-----	162,887
Inventories-----	173,270
Prepays-----	148,138
Prepays, non-current-----	235,445
Total assets-----	<u>\$29,029,147</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts payable and accrued expenses-----	\$2,908,961
Payable to City of Oklahoma City-----	1,330,431
Unearned revenue-----	10,156,971
Unearned revenue, non-current-----	661,968
Total liabilities-----	<u>15,058,331</u>
DEFERRED INFLOWS OF RESOURCES-----	<u>384,246</u>
<u>FUND BALANCES</u>	
Non-spendable-----	719,740
Restricted-----	3,273,562
Committed-----	534,768
Assigned-----	8,747,625
Unassigned-----	310,875
Total fund balance-----	<u>13,586,570</u>
Total liabilities, deferred inflows of resources, and fund balance-----	<u>\$29,029,147</u>
<u>RECONCILIATION OF THE BALANCE SHEET, GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION, GOVERNMENTAL ACTIVITIES</u>	
Total fund balance-----	\$13,586,570
Capital assets, net of accumulated depreciation-----	83,984,031
Revenue earned but not available-----	384,246
Long-term payable to the City of Oklahoma City, current-----	(1,528,240)
Long-term payable to the City of Oklahoma City, non-current-----	(2,928,636)
Net position-governmental activities-----	<u>\$93,497,971</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended June 30, 2017**

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	General Purpose Fund
<u>REVENUES</u>	
Tax incremental financing property taxes-----	\$63,069
Facility fees-----	509,408
Investment income-----	26,944
Public events charges-----	18,550,471
Other charges for services-----	328,569
Rental income-----	1,546,295
Payments from the City of Oklahoma City-----	8,945,050
Other-----	645,672
Total revenues-----	<u>30,615,478</u>
<u>EXPENDITURES</u>	
<u>CURRENT</u>	
Payments to the City of Oklahoma City-----	58,291
General government-----	10,180
Culture and recreation-----	27,181,278
Economic development-----	200
Capital outlay-----	2,447,005
<u>DEBT SERVICE</u>	
Principal-----	168,857
Interest-----	91,698
Total expenditures-----	<u>29,957,509</u>
Excess of revenues over expenditures-----	657,969
<u>OTHER FINANCING SOURCES</u>	
Sale of assets-----	93,429
Long-term payable to the City of Oklahoma City-----	121,191
Net other financing sources-----	<u>214,620</u>
Net change in fund balance-----	872,589
Fund balance, beginning-----	12,713,981
Fund balance, ending-----	<u>\$13,586,570</u>
<u>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES, GOVERNMENTAL ACTIVITIES</u>	
Net change in fund balance-----	\$872,589
Capital outlay-----	2,447,005
Depreciation expense-----	(4,803,197)
Loss on disposal of assets-----	(161,312)
Recognition of earned but unavailable revenue-----	(50,794)
Long-term payable to the City of Oklahoma City-----	(121,191)
Debt principal paid-----	168,857
Interest payable on long-term debt-----	4,550
Change in net position (deficit)-governmental activities-----	<u>(\$1,643,493)</u>

See accompanying notes to financial statements.

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017**

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	Enterprise Funds			Total
	Golf	Fairgrounds	Financial	
	Courses		Services	
	Fund	Fund	Fund	
ASSETS				
Pooled cash-----	\$274,998	\$337,760	\$37,647	\$650,405
Non-pooled cash-----	1,080,905	-	-	1,080,905
Investments-----	1,677,486	18,582,033	99,198	20,358,717
Accounts receivable, net-----	5,494	-	-	5,494
Interest, dividends, and royalties receivable-----	2,095	7,839	199	10,133
Receivable from the City of Oklahoma City-----	-	1,140,000	-	1,140,000
Inventories-----	337,601	-	-	337,601
Prepays-----	8,226	18,681	-	26,907
Total current assets-----	3,386,805	20,086,313	137,044	23,610,162
NON-CURRENT ASSETS				
Investments-----	455,710	777,540	-	1,233,250
Prepays, non-current-----	415	312,853	-	313,268
Capital assets:				
Land and construction in progress-----	165	2,699,140	-	2,699,305
Other capital assets, net of accumulated depreciation-----	11,445,073	44,135,295	-	55,580,368
Capital assets, net-----	11,445,238	46,834,435	-	58,279,673
Total non-current assets-----	11,901,363	47,924,828	-	59,826,191
Total assets-----	15,288,168	68,011,141	137,044	83,436,353
DEFERRED OUTFLOWS OF RESOURCES-----	872,557	-	-	872,557
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued expenses-----	310,539	698,839	78,004	1,087,382
Wages and benefits payable-----	220,026	-	-	220,026
Payable to City of Oklahoma City-----	360,048	82,848	-	442,896
Compensated absences-----	74,653	-	-	74,653
Bond interest payable-----	98,964	930,254	-	1,029,218
Bonds payable-----	825,000	2,725,000	-	3,550,000
Total current liabilities-----	1,889,230	4,436,941	78,004	6,404,175
NON-CURRENT LIABILITIES				
Compensated absences-----	122,521	-	-	122,521
Payable to City of Oklahoma City-----	376,723	-	-	376,723
Bonds payable:				
Bonds payable-----	11,170,000	74,855,000	-	86,025,000
Unamortized bond discount/premium-----	29,501	5,680,025	-	5,709,526
Bonds payable, net-----	11,199,501	80,535,025	-	91,734,526
Net pension liability-----	20,413	-	-	20,413
Net other post-employment benefit obligation-----	4,493,675	-	-	4,493,675
Total non-current liabilities-----	16,212,833	80,535,025	-	96,747,858
Total liabilities-----	18,102,063	84,971,966	78,004	103,152,033
DEFERRED INFLOWS OF RESOURCES-----	282,648	184,102	-	466,750
NET POSITION (DEFICIT)				
Net investment in capital assets-----	303,252	(21,416,525)	-	(21,113,273)
Restricted for capital projects-----	993	-	-	993
Restricted for debt service-----	621,227	2,821,290	-	3,442,517
Unrestricted-----	(3,149,458)	1,450,308	59,040	(1,640,110)
Total net position (deficit)-----	(\$2,223,986)	(\$17,144,927)	\$59,040	(\$19,309,873)

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2017**

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	Enterprise Funds			Total
	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	
<u>OPERATING REVENUES</u>				
<u>CHARGES FOR SERVICES</u>				
Green fees-----	\$5,053,906	\$ -	\$ -	\$5,053,906
Concessions-----	1,449,592	-	-	1,449,592
Natural gas charges-----	-	-	715,922	715,922
Other charges-----	22,994	-	-	22,994
Total charges for services-----	6,526,492	-	715,922	7,242,414
Golf cart rentals-----	2,406,868	-	-	2,406,868
Other-----	762	-	-	762
Total operating revenues-----	8,934,122	-	715,922	9,650,044
<u>OPERATING EXPENSES</u>				
Personal services-----	5,221,902	-	-	5,221,902
Maintenance, operations, and contractual services-----	2,457,264	3,473,028	739,885	6,670,177
Materials and supplies-----	1,726,867	32,955	-	1,759,822
Depreciation-----	907,029	5,709,421	-	6,616,450
Total operating expenses-----	10,313,062	9,215,404	739,885	20,268,351
Operating loss-----	(1,378,940)	(9,215,404)	(23,963)	(10,618,307)
<u>NON-OPERATING REVENUE (EXPENSE)</u>				
Investment income-----	11,056	47,543	1,329	59,928
Interest on bonds and notes-----	(417,368)	(3,062,642)	-	(3,480,010)
Bond insurance-----	-	(18,166)	-	(18,166)
Amortization-----	2,583	-	-	2,583
Payments from City of Oklahoma City-----	1,390,737	7,524,734	-	8,915,471
Payments to City of Oklahoma City-----	(1,389)	-	-	(1,389)
Other revenue-----	95,379	5,087	-	100,466
Net non-operating revenue-----	1,080,998	4,496,556	1,329	5,578,883
Changes in net deficit-----	(297,942)	(4,718,848)	(22,634)	(5,039,424)
Total net assets (deficit), beginning-----	(1,926,044)	(12,426,079)	81,674	(14,270,449)
Total net position (deficit), ending-----	(\$2,223,986)	(\$17,144,927)	\$59,040	(\$19,309,873)

See accompanying notes to financial statements.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2017**

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	Enterprise Funds			
	Golf	Fairgrounds	Financial	Total
	Courses		Services	
	Fund	Fund	Fund	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash received from customers-----	\$9,028,355	\$ -	\$810,353	\$9,838,708
Cash payments to suppliers for goods and services-----	(3,923,857)	(3,664,573)	(730,254)	(8,318,684)
Cash payments to employees and professional contractors for services-----	(4,627,175)	-	-	(4,627,175)
Cash payments for internal services-----	(204,392)	-	-	(204,392)
Operating payments from City of Oklahoma City-----	1,390,737	13,795,126	-	15,185,863
Operating payments to City of Oklahoma City-----	(71,581)	(6,410,392)	-	(6,481,973)
Net cash provided by operating activities-----	1,592,087	3,720,161	80,099	5,392,347
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>				
<u>RELATED FINANCING ACTIVITIES</u>				
Payments for acquisition and construction of capital assets-----	(167,232)	(1,035,708)	-	(1,202,940)
Principal paid on long-term debt-----	(795,000)	(2,620,000)	-	(3,415,000)
Interest paid on long-term debt-----	(407,297)	(3,760,744)	-	(4,168,041)
Capital and capital related payments to City of Oklahoma City-----	(230,530)	-	-	(230,530)
Proceeds from sale of assets-----	7,253	-	-	7,253
Net cash provided (used) by capital and capital related financing activities-----	(1,592,806)	(7,416,452)	-	(9,009,258)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Payments for purchase of investments-----	(1,223,147)	(44,442,260)	-	(45,665,407)
Proceeds from sale of investments-----	1,216,773	48,702,409	-	49,919,182
Changes in pooled investments-----	(138,795)	(501,831)	(64,644)	(705,270)
Investment income received-----	9,740	44,878	1,194	55,812
Purchased interest-----	(208)	(353)	(30)	(591)
Net cash provided (used) by investing activities-----	(135,637)	3,802,843	(63,480)	3,603,726
Net increase (decrease) in cash-----	(136,356)	106,552	16,619	(13,185)
Cash, beginning-----	1,492,259	231,208	21,028	1,744,495
Cash, ending-----	\$1,355,903	\$337,760	\$37,647	\$1,731,310
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>				
Operating loss-----	(\$1,378,940)	(\$9,215,404)	(\$23,963)	(\$10,618,307)
<u>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>				
Depreciation-----	907,029	5,709,421	-	6,616,450
Other revenue (expense)-----	105,896	(13,079)	-	92,817
(Increase) decrease in accounts receivable-----	(5,494)	-	-	(5,494)
(Increase) decrease in payments/transfers from (to) within the Department-----	230,530	-	-	230,530
(Increase) decrease in receivable from City of Oklahoma City-----	1,390,737	7,384,733	92,229	8,867,699
(Increase) decrease in receivable from component units-----	-	-	2,200	2,200
(Increase) decrease in inventories-----	(18,133)	-	-	(18,133)
(Increase) decrease in prepaid assets-----	6,092	18,166	-	24,258
(Increase) decrease in net pension asset-----	829,389	-	-	829,389
(Increase) decrease in deferred outflows-----	(740,059)	-	-	(740,059)
Increase (decrease) in accounts payable and accrued expenses-----	45,247	(164,018)	9,633	(109,138)
Increase (decrease) in wages and benefits payable-----	11,028	-	-	11,028
Increase (decrease) in payable to City of Oklahoma City-----	(284,556)	342	-	(284,214)
Increase (decrease) in compensated absences-----	8,515	-	-	8,515
Increase (decrease) in net pension liability-----	20,413	-	-	20,413
Increase (decrease) in net other post-employment benefit obligation-----	526,315	-	-	526,315
Increase (decrease) in deferred inflows-----	(61,922)	-	-	(61,922)
Total adjustments-----	2,971,027	12,935,565	104,062	16,010,654
Net cash provided by operating activities-----	\$1,592,087	\$3,720,161	\$80,099	\$5,392,347

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 are organized to provide explanations, including required disclosures, of the Oklahoma City Public Property Authority (Authority) financial activities for the fiscal year ended June 30, 2017.

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

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 are recorded on an average of cost or market basis.

Prepays 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 used for golf operations. 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 advance funding. In addition, non-current assets which will eventually be converted to cash are reported as non-spendable where unassigned fund balance would otherwise be reported.

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 includes 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.

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. On June 21, 2016, the City of Oklahoma City approved a second renewal extending the agreement through June 30, 2017. On June 13, 2017, the City of Oklahoma City approved a third renewal extending the agreement through June 30, 2018. 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 pays 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 \$350.00 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, 2017, the Authority's cash is collateralized with securities held by the pledging financial institution in the name of the Authority or the City, less Federal depository insurance, except for \$13,864,687 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.

	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)
<u>POOLED</u>								
<u>INVESTMENTS</u>								
Money								
market (4)(5)	\$2,413,960	\$2,413,960	\$2,413,960	\$ -	\$ -	\$ -	AAA/Aaa	1.47
Federal								
Obligations	3,019,918	2,999,726	-	2,999,726	-	-	AA/Aaa	12.66
US Treasury								
Notes	3,005,583	2,996,289	-	2,996,289	-	-	AAA/Aaa	29.12
Fannie Mae	<u>2,013,190</u>	<u>2,003,099</u>	<u>-</u>	<u>2,003,099</u>	<u>-</u>	<u>-</u>	AA+/Aaa	32.78
Total pooled								
investments	<u>10,452,651</u>	<u>10,413,074</u>	<u>2,413,960</u>	<u>7,999,114</u>	<u>-</u>	<u>-</u>		
<u>NON-POOLED</u>								
<u>INVESTMENTS</u>								
Money								
market (4)(5)	<u>20,790,605</u>	<u>20,790,605</u>	<u>20,790,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	AAA/Aaa	1.44
Total								
investments	<u>\$31,243,256</u>	<u>\$31,203,679</u>	<u>\$23,204,565</u>	<u>\$7,999,114</u>	<u>\$-</u>	<u>\$-</u>		

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

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

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

(4) Cost approximates fair value.

(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, 2017.

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

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

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.

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		Maturity Limitations	
Percentage of Total Invested Principal		Percentage of Total Invested Principal	
	Maximum % (2)		Maximum % (4)
Repurchase agreements	100.0%	0-1 year	100%
U.S. Treasury securities (3)	100.0	1-3 years	90
Certificates of deposit	50.0	3-5 years	90
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		

- (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.

Golf System Revenue Bonds

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.

Fairgrounds Hotel Tax Revenue Bonds

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

	<u>Golf System Revenue Bonds</u>	<u>Fairgrounds Hotel Tax Revenue Bonds</u>
Bond principal and interest	\$720,171	\$2,974,005
Construction accounts	229,779	14,715,269
Bond reserve	<u>455,710</u>	<u>777,540</u>
	<u>\$1,405,660</u>	<u>\$18,466,814</u>

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 2017 the Authority recognized \$1,949 in property taxes receivable.

Accounts Receivable

Governmental activities

Ticket and event receivables	\$617,824
Lease revenues receivables	<u>547,424</u>
	<u>\$1,165,248</u>

Business-type activities

Golf course miscellaneous receivables	<u>\$5,494</u>
---------------------------------------	-----------------------

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, 2017, \$162,887 was unexpended.

II. C. INVENTORIES

Golf Courses

Restaurant inventory	\$53,175
Cart barn and driving range supplies	40,901
Maintenance and janitorial supplies	<u>243,525</u>
	337,601

OCCPA General Purpose

Food and beverage items and other supplies	<u>173,270</u>
	<u>\$510,871</u>

II. D. PREPAID ASSETS

Prepaid expenses of \$383,583 reported with governmental activities include \$16,779 of SMG operation expenses, \$18,961 related to the digital antenna system (DAS) leasing and licensing agreements, \$20,110 related to management agreements, and \$327,733 related to maintenance and monitoring agreements; \$148,138 of which is current.

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 \$114,870 and \$16,000, respectively, has been recognized and expensed as of June 30, 2017, leaving a balance of \$331,534 prepaid including \$18,681 due within one year. Additionally, the five public golf courses hold a combined total of \$8,641 in prepaid assets for software and vehicle maintenance, and business and automobile insurance in the amounts of \$8,083 and \$558, respectively, including \$8,226 due within one year.

II. E. CAPITAL ASSETS

Changes in Capital Assets

	Capital Assets, not depreciated			Capital Assets, depreciated			Total Capital Assets, net	
	Land and Art	Construction In Progress	Total Capital Assets, not depreciated	Buildings	Improvements Other Than Buildings	Furniture, Machinery, and Equipment		Total Capital Assets, depreciated
<i>Governmental Activities</i>								
<u>CAPITAL ASSETS</u>								
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
Increases	252,573	1,629,728	1,882,301	-	15,571	549,133	564,704	2,447,005
Decreases	-	-	-	(3,008)	(3,698)	(599,712)	(606,418)	(606,418)
Transfers	(1,748)	(12,955)	(14,703)	-	-	14,703	14,703	-
Balance, June 30, 2017	<u>8,546,040</u>	<u>1,818,280</u>	<u>10,364,320</u>	<u>50,721,266</u>	<u>45,614,434</u>	<u>15,795,765</u>	<u>112,131,465</u>	<u>122,495,785</u>
<u>ACCUMULATED</u>								
<u>DEPRECIATION</u>								
Balance, June 30, 2016				8,972,429	15,233,669	9,947,565	34,153,663	34,153,663
Increases				1,138,832	1,765,828	1,898,537	4,803,197	4,803,197
Decreases				(425)	(3,019)	(441,662)	(445,106)	(445,106)
Balance, June 30, 2017				<u>10,110,836</u>	<u>16,996,478</u>	<u>11,404,440</u>	<u>38,511,754</u>	<u>38,511,754</u>
Total governmental activities	<u>8,546,040</u>	<u>1,818,280</u>	<u>10,364,320</u>	<u>40,610,430</u>	<u>28,617,956</u>	<u>4,391,325</u>	<u>73,619,711</u>	<u>83,984,031</u>
<i>Business-type Activities</i>								
<u>CAPITAL ASSETS</u>								
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
Increases	-	800,763	800,763	4,167	-	511,806	515,973	1,316,736
Decreases	-	-	-	-	-	(557,026)	(557,026)	(557,026)
Transfers	-	(187,843)	(187,843)	91,647	96,196	-	187,843	-
Balance, June 30, 2017	<u>2,004,837</u>	<u>694,468</u>	<u>2,699,305</u>	<u>39,279,425</u>	<u>84,688,123</u>	<u>8,632,502</u>	<u>132,600,050</u>	<u>135,299,355</u>
<u>ACCUMULATED</u>								
<u>DEPRECIATION</u>								
Balance, June 30, 2016				7,547,829	56,859,328	6,535,326	70,942,483	70,942,483
Increases				882,627	5,250,911	482,912	6,616,450	6,616,450
Decreases				-	-	(539,251)	(539,251)	(539,251)
Balance, June 30, 2017				<u>8,430,456</u>	<u>62,110,239</u>	<u>6,478,987</u>	<u>77,019,682</u>	<u>77,019,682</u>
Total business-type activities	<u>2,004,837</u>	<u>694,468</u>	<u>2,699,305</u>	<u>30,848,969</u>	<u>22,577,884</u>	<u>2,153,515</u>	<u>55,580,368</u>	<u>58,279,673</u>
Total	<u>\$10,550,877</u>	<u>\$2,512,748</u>	<u>\$13,063,625</u>	<u>\$71,459,399</u>	<u>\$51,195,840</u>	<u>\$6,544,840</u>	<u>\$129,200,079</u>	<u>\$142,263,704</u>

Depreciation Expense

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Culture and recreation	\$3,653,175	Golf courses \$907,029
Public services	<u>1,150,022</u>	Fairgrounds <u>5,709,421</u>
	<u>\$4,803,197</u>	Financial Services <u>\$6,616,450</u>

Capitalized Interest

	<u>Total Interest Costs Incurred</u>	<u>Capitalized Interest</u>
<i>Business-type Activities</i>		
Fairgrounds	\$3,071,049	\$8,407
Golf Courses	<u>417,368</u>	<u>-</u>
	<u>\$3,488,417</u>	<u>\$8,407</u>

II. F. 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 reacquisition 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 \$1,249 related to the refunding of the Series 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. Differences are also calculated and recorded as deferred outflows when actual investment earnings exceed estimated investment earnings. This amount is amortized over a fixed 5 year period for each unique fiscal year. Current year employee contributions are deferred and included in the following year net pension liability calculation.

	<u>OCERS</u>	Authority <u>Share</u>
Current year contributions	\$6,853,993	\$119,259
Change in assumptions	6,206,446	107,992
Investment projected vs actual	<u>37,021,084</u>	<u>644,164</u>
Pension deferred outflows	<u>\$50,081,523</u>	<u>\$871,415</u>

III. LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

III. A. UNEARNED REVENUES

Within governmental activities, the Authority has unearned revenue of \$10,818,939 at the end of the fiscal year. There is unearned revenue of \$1,093,251 for the advance sale of tickets for events at the Civic Center Music Hall and \$8,640,317 recorded for SMG operations at the Cox Convention Center and Chesapeake Energy Arena. There is additional unearned revenue of \$1,060,369 for DAS leases, of which \$661,966 is non-current, and \$25,000 for naming rights, all of which is current.

III. B. COMPENSATED ABSENCES

Compensated absences balances changed from 2016 to 2017 by accruals of \$127,339 and usages of \$118,823.

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. The note was paid in full in December of 2016.

III. D. REVENUE BONDS

Unamortized Bond Discount/Premium

	Golf Courses	Fairgrounds	Total
Bonds payable	\$11,170,000	\$74,855,000	\$86,025,000
Unamortized bond discount/premium	<u>29,501</u>	<u>5,680,025</u>	<u>5,709,526</u>
Bonds payable, net	<u>\$11,199,501</u>	<u>\$80,535,025</u>	<u>\$91,734,526</u>

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 \$20,646 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

Fiscal Year	Golf System Series 2010			Golf System Series 2012		
	Principal	Interest	Total	Principal	Interest	Total
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	670,000	77,963	747,963	255,000	196,590	451,590
2023-2027	2,140,000	102,533	2,242,533	1,410,000	860,438	2,270,438
2028-2032	-	-	-	1,655,000	611,660	2,266,660
2033-2037	-	-	-	1,980,000	281,848	2,261,848
2038-2041	-	-	-	445,000	8,566	453,566
	<u>\$5,295,000</u>	<u>\$694,026</u>	<u>\$5,989,026</u>	<u>\$6,700,000</u>	<u>\$2,819,037</u>	<u>\$9,519,037</u>

Fairgrounds Bonds

Fiscal Year	Fairgrounds Series 2007A			Fairgrounds Series 2011		
	Principal	Interest	Total	Principal	Interest	Total
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	180,000	692,688	872,688	140,000	344,544	484,544
2023-2027	1,020,000	3,338,800	4,358,800	785,000	1,632,197	2,417,197
2028-2032	5,245,000	2,999,669	8,244,669	5,145,000	1,200,225	6,345,225
2033-2037	9,095,000	413,663	9,508,663	2,135,000	248,513	2,383,513
	<u>\$16,190,000</u>	<u>\$10,286,989</u>	<u>\$26,476,989</u>	<u>\$8,720,000</u>	<u>\$4,848,867</u>	<u>\$13,568,867</u>

(continued)

Fairgrounds Bonds (continued)

Fiscal Year	Fairgrounds Series 2015		
	Principal	Interest	Total
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	2,995,000	2,029,625	5,024,625
2023-2027	17,445,000	7,680,125	25,125,125
2028-2032	14,170,000	3,131,250	17,301,250
2033-2037	3,620,000	1,400,000	5,020,000
2038-2041	<u>3,860,000</u>	<u>295,750</u>	<u>4,155,750</u>
	<u>\$52,670,000</u>	<u>\$24,046,500</u>	<u>\$76,716,500</u>

Revenue Bonds Outstanding

	Amount <u>Issued</u>	Interest <u>Rate %</u>	Issue <u>Date</u>	Principal <u>Maturity Date</u>	<u>Balance</u>
Golf System, Series 2010	\$8,465,000	3.15	9-1-10	10-1-23	\$5,295,000
Golf System, Series 2012	7,565,000	0.45 - 3.85	7-11-12	10-1-37	6,700,000
Fairgrounds, Series 2007A	20,000,000	4.0 - 4.5	8-1-07	10-1-34	16,190,000
Fairgrounds, Series 2011	9,285,000	2.0 - 4.5	10-1-11	10-1-36	8,720,000
Fairgrounds, Series 2015	58,305,000	3.0 - 5.0	7-30-15	10-1-39	<u>52,670,000</u>
					<u>\$89,575,000</u>

Bond Coverage

	Golf System <u>Series 2010 & 2012</u>	Fairgrounds Series <u>2007A, 2011, & 2015</u>
Gross revenue, including non-operating revenues and payments from the City	\$9,648,733	\$12,928,435
Direct operating expenses, excluding other post-employment benefit expense, payments to the City, depreciation and amortization	<u>7,887,655</u>	<u>-</u>
Net revenue available for debt service	<u>\$1,761,078</u>	<u>\$12,928,435</u>
Principal amounts	\$795,000	\$2,620,000
Interest amounts	<u>407,114</u>	<u>3,760,745</u>
Total debt service requirements	<u>\$1,202,114</u>	<u>\$6,380,745</u>
Revenue bond coverage	<u>1.46</u>	<u>2.02</u>

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 covenants 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

Prior 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

	<u>Purpose</u>	<u>Bond Series</u>	<u>Defeased Balance</u>	<u>Outstanding Balance</u>
Fairgrounds Fund	Fairgrounds facilities	2005	\$43,860,000	\$39,820,000

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 \$8,610,338 in golf course revenues and \$7,524,734 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, 2017.

III. G. CHANGES IN LONG-TERM DEBT

	<u>Balance July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
Primary Authority						
<i>Governmental Activities</i>						
Notes payable	\$168,857	\$ -	\$168,857	\$ -	\$ -	\$ -
<i>Business-type Activities</i>						
<u>COMPENSATED ABSENCES</u>						
Golf Courses Fund	188,658	127,339	118,823	197,174	74,653	122,521
<u>REVENUE BONDS</u>						
Golf Courses Fund	12,790,000	-	795,000	11,995,000	825,000	11,170,000
Fairgrounds Fund	80,200,000	-	2,620,000	77,580,000	2,725,000	74,855,000
Total revenue bonds	92,990,000	-	3,415,000	89,575,000	3,550,000	86,025,000
Total business-type activities	93,178,658	127,339	3,533,823	89,772,174	3,624,653	86,147,521
Total primary Authority	\$93,347,515	\$127,339	\$3,702,680	\$89,772,174	\$3,624,653	\$86,147,521

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.

	<u>Amount Guaranteed (1)</u>	<u>Total Amount Outstanding (2)</u>
<i>Business-Type Activities</i>		
Golf Courses bonded debt	<u>\$1,208,036</u>	<u>\$11,995,000</u>

- (1) The amount guaranteed is only the amount of debt service due on or before June 30, 2018, and covered under the guarantee effective July 1, 2017. It is anticipated that the guarantees will be renewed annually.
- (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 2017 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, 2017, revenue earned but unavailable is \$384,246 which includes \$177,179 of Bricktown Ballpark rent, \$103,629 of Civic Center Music Hall event receivables, \$96,113 of SMG event receivables, \$5,377 of investment earnings, and \$1,948 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 reacquisition 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 \$28,610 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.

	<u>OCERS</u>	<u>Authority Share</u>
Difference between expected and actual pension plan experience	<u>\$16,244,126</u>	<u>\$282,648</u>

IV. FUND EQUITY

IV. A. FUND BALANCE

Non-spendable Fund Balance

Inventories	\$173,270
Prepays	383,583
Business improvement districts advance funding	162,887
	<u>\$719,740</u>

Restricted Fund Balance

Restricted for TIF districts	\$66,651
Restricted for special improvement districts	98,551
Restricted for business improvement districts	807,832
Restricted for NBA operations	933
Restricted for Cox Convention Center maintenance	739,964
Restricted for NBA practice facility	524,706
Restricted for Civic Center improvements	187,089
Restricted for Ballpark capital improvements	285,182
Restricted for Chesapeake Energy Arena capital improvements	448,423
Restricted for Softball Hall of Fame Donations	114,231
	<u>\$3,273,562</u>

Committed Fund Balance

Committed for metropolitan area projects use tax capital projects	<u>\$534,768</u>
---	-------------------------

Assigned Fund Balance

Assigned for Metropolitan Area Projects support	\$1,205,479
Assigned for the centennial land run project	488,367
Assigned for fairgrounds electricity	124,467
Assigned for Oklahoma City Redhawks utility reimbursements	29,184
Assigned for Civic Center parking	529,380
Assigned for Civic Center promotions	176,557
Assigned for water taxi and canal operations	228,114
Assigned for non-capital equipment replacement	1,271,575
Assigned for SMG operations	3,862,575
Assigned for NBA practice facility	34,143
Assigned for Oklahoma River sediment removal	339,469
Assigned for General Purpose Fund encumbrances	458,315
	<u>\$8,747,625</u>

Unassigned

Unassigned	<u>\$310,875</u>
------------	-------------------------

IV. B. NET POSITION

Net Investment in Capital Assets

	<i>Governmental Activities</i>	<i>Business-type Activities</i>
Capital assets, net	\$83,984,031	\$58,279,673
Retainages and capital related accounts payable	(55,738)	(277,947)
Bonds payable, net	-	(95,284,526)
Deferred amount on refunding	-	(182,960)
Bond accounts funded with bond proceeds	-	15,399,541
Bond issuance costs paid from bond proceeds	-	952,946
	<u>\$83,928,293</u>	<u>(\$21,113,273)</u>

Restricted for Capital Projects

	<i>Governmental Activities</i>	<i>Business-type Activities</i>
Sports facility sales tax capital projects	\$1,111,636	\$ -
Bond construction account	-	14,945,048
Bond construction account funded with bond proceeds	-	(14,944,055)
	<u>\$1,111,636</u>	<u>\$993</u>

Restricted for Debt Service

	<i>Governmental Activities</i>	<i>Business-type Activities</i>
Bond principal and interest accounts	\$ -	\$3,694,176
Bond reserve accounts	-	1,233,250
Bond reserve funded with bond proceeds	-	(455,691)
Current bond interest payable	-	(1,029,218)
	<u>\$ -</u>	<u>\$3,442,517</u>

Restricted for Culture and Recreation

	<i>Governmental Activities</i>	<i>Business-type Activities</i>
Restricted for NBA operations	\$934	\$ -
Restricted for Cox Convention Center maintenance	1,046,918	-
Restricted for Chesapeake Energy Arena capital improvements	448,545	-
	<u>\$1,496,397</u>	<u>\$ -</u>

Restricted for Public Services

	<i>Governmental Activities</i>	<i>Business-type Activities</i>
Restricted for TIF districts	\$2,983	\$ -
Restricted for business improvement districts	<u>873,961</u>	<u>-</u>
	<u>\$876,944</u>	<u>\$-</u>

Unrestricted

	<i>Governmental Activities</i>	<i>Business-type Activities</i>
Unrestricted	<u>\$6,084,701</u>	<u>(\$1,640,110)</u>

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 \$17.145 million is the result of depreciation of capital assets as construction projects are completed.

OCPPA Golf Courses

Deficit net position of \$2.224 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 2017 was \$544,527

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

2018	\$845,780
2019	832,025
2020	340,732
2021	237,199
2022	193,741
2023-2027	<u>100,000</u>
	<u>\$2,549,477</u>

Rental income (1) **\$1,546,295**

(1) Rental income does not include revenues received for golf cart rentals.

V. B. PENSION EXPENSE

The Authority reported \$164,714 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

	<u>OCERS</u>	Authority <u>Share</u>
2018	\$10,045,688	\$174,795
2019	3,191,695	55,535
2020	13,580,653	236,303
2021	8,914,085	155,105
2022	(1,308,234)	(22,763)
Thereafter	<u>(586,490)</u>	<u>(10,208)</u>
	<u>\$33,837,397</u>	<u>\$588,767</u>

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.

	Golf Courses Fund						<u>Total</u>
	Lake Hefner <u>Golf Course</u>	Lincoln Park <u>Golf Course</u>	Trosper Park <u>Golf Course</u>	Earlywine Park <u>Golf Course</u>	James <u>Stewart</u>	Golf Course <u>System</u>	
Lake Hefner	\$ -	(\$1,651)	\$ -	\$ -	\$ -	(\$34,382)	(\$36,033)
Lincoln	1,651	-	734	1,407	367	(44,319)	(40,160)
Trosper	-	(734)	-	-	(4,141)	(9,130)	(14,005)
Earlywine	-	(1,407)	-	-	-	(28,663)	(30,070)
James Stewart	-	(367)	4,141	-	-	-	3,774
Golf Course System	<u>34,382</u>	<u>44,319</u>	<u>9,130</u>	<u>28,663</u>	<u>-</u>	<u>-</u>	<u>116,494</u>
	<u>\$36,033</u>	<u>\$40,160</u>	<u>\$14,005</u>	<u>\$30,070</u>	<u>(\$3,774)</u>	<u>(\$116,494)</u>	<u>\$ -</u>

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 loan was paid in full in August of 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 loan was paid in full in August of 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. The loans were paid in full in August of 2016.

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

Payable To/Receivable From the City

	Purpose	Governmental		Business-Type Activities			
		Activities		Golf Courses	Fairgrounds	Financial	Total
		General					
		Purpose Fund	Fund	Fund	Fund		
Receivable From							
CURRENT							
City General Fund	Administration charges and utilities	\$5,708	\$ -	\$ -	\$ -	\$ -	
City Special Districts Fund	Capital funding	35,817	-	-	-	-	
City Schools Use Tax Fund	Reimbursement for overpayment	153,972	-	-	-	-	
City Hotel/Motel Tax Fund	Capital funding	-	-	1,140,000	-	1,140,000	
City Capital Improvements Fund	Capital funding	<u>151,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
		<u>\$347,426</u>	<u>\$ -</u>	<u>\$1,140,000</u>	<u>\$ -</u>	<u>\$1,140,000</u>	

	Purpose	Governmental		Business-Type Activities			
		Activities		Golf Courses	Fairgrounds	Financial	Total
		General					
		Purpose Fund	Fund	Fund	Fund		
Payable To							
CURRENT							
City General Fund	Administration charges and utilities	\$1,010,590	\$131,968	\$78,503	\$ -	\$210,471	
	TIF district #6 payable	55,503	-	-	-	-	
	DAS payable	175,000	-	-	-	-	
City MAPS Operations Fund	DAS payable	310,000	-	-	-	-	
City Special Districts Fund	Cost reimbursement	906,386	-	-	-	-	
City Schools Use Tax Fund	Hockey payable	282,741	-	-	-	-	
City Sports Facilities Tax Fund	Return of excess subsidy	6	-	-	-	-	
MAPS3 Use Tax Fund	Convention center prefunding	109,179	-	-	-	-	
City Stormwater Drainage Fund	Public works charges	2,980	127	4,345	-	4,472	
City Information Technology Fund	Tower lease	6,286	-	-	-	-	
OCMFA Services Fund	Golf cart payable	-	220,445	-	-	220,445	
	Golf professional's benefits	<u>-</u>	<u>7,508</u>	<u>-</u>	<u>-</u>	<u>7,508</u>	
		<u>\$2,858,671</u>	<u>\$360,048</u>	<u>\$82,848</u>	<u>\$ -</u>	<u>\$442,896</u>	

NON-CURRENT						
City General Fund	TIF district #6 payable	\$812,713	\$ -	\$ -	\$ -	\$ -
	DAS payable	150,000	-	-	-	-
City Schools Use Tax Fund	Hockey payable	1,965,923	-	-	-	-
OCMFA Services Fund	Golf cart payable	<u>-</u>	<u>376,723</u>	<u>-</u>	<u>-</u>	<u>376,723</u>
		<u>\$2,928,636</u>	<u>\$376,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$376,723</u>

Advances Within the City

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, 2017.

Beginning balance	\$594,621
Other services	(2,878,024)
Investment income	11,299
Other non operating revenue	(6,369)
Reimbursement from the City	<u>3,184,859</u>
	<u>\$906,386</u>

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, 2017, is \$866,952 and \$1,264 of accrued interest.

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%. Initially, it was anticipated that the amount would be repaid by 2020, however, due to decreased hockey ticket sales, this estimate has been changed to 2036. The balance of the loan at June 30, 2017, is \$2,243,741 and \$4,923 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 \$325,000 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, 2017 is \$596,045 and \$1,123 of accrued interest. The loan was made to the 2 golf courses as follows:

Lake Hefner Golf Course	\$462,809
Lincoln Park Golf Course	<u>626,134</u>
	<u>\$1,088,943</u>

Annual Payment Requirements to Maturity

Fiscal Year	TIF District #6 Payable			Hockey Payable		
	City General Fund			City City and Schools Use Tax Fund		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$54,239	\$2,167	\$56,406	\$277,818	\$85,574	\$363,392
2019	55,502	2,032	57,534	79,628	82,372	162,000
2020	56,792	1,893	58,685	82,964	79,036	162,000
2021	58,107	1,751	59,858	86,440	75,560	162,000
2022	59,450	1,606	61,056	90,062	71,938	162,000
2023-2027	318,075	5,724	323,799	510,179	299,821	810,000
2028-2032	264,787	1,666	266,453	626,401	183,599	810,000
2033-2037	-	-	323,799	490,249	45,599	535,848
	<u>\$866,952</u>	<u>\$16,839</u>	<u>\$1,207,590</u>	<u>\$2,243,741</u>	<u>\$923,499</u>	<u>\$3,167,240</u>

Fiscal Year	DAS Payable		Golf Cart Payable		
	City General Fund and City MAPS Operations Fund		OCMFA Services		
	Principal	Total	Principal	Interest	Total
2018	\$485,000	\$485,000	\$219,322	\$11,208	\$230,530
2019	150,000	150,000	224,330	6,200	230,530
2020	-	-	152,393	1,294	153,687
	<u>\$635,000</u>	<u>\$635,000</u>	<u>\$596,045</u>	<u>\$18,702</u>	<u>\$614,747</u>

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. Additional 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						Total
	Lake Hefner Golf Course	Lincoln Park Lincoln Park	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	
Lake Hefner	\$ -	\$ -	\$ -	\$ -	\$ -	\$515,396	\$515,396
Lincoln	-	-	-	-	-	579,424	579,424
Trosper	-	-	-	-	-	(70,553)	(70,553)
Earlywine	-	-	-	-	-	272,317	272,317
James E. Stewart	-	-	-	-	-	-	-
Golf System	(515,396)	(579,424)	70,553	(272,317)	-	-	(1,296,584)
	<u>(\$515,396)</u>	<u>(\$579,424)</u>	<u>\$70,553</u>	<u>(\$272,317)</u>	<u>\$ -</u>	<u>\$1,296,584</u>	<u>\$ -</u>

Payments To/From the City

	Purpose	Governmental Activities		Business-type Activities		Total
		General		Golf Courses	Fairgrounds	
		Purpose	Fund	Fund	Fund	
<u>PAYMENT FROM</u>						
City General Fund	Operating subsidies	\$8,142,381		\$1,327,002	\$ -	\$1,327,002
City Special Districts Fund	Cost reimbursement	202,669		-	-	-
City Capital Improvement Fund	Capital subsidy	600,000		63,735	-	63,735
City Hotel/Motel Tax Fund	Fairgrounds debt service	-		-	7,524,734	7,524,734
		<u>\$8,945,050</u>		<u>\$1,390,737</u>	<u>\$7,524,734</u>	<u>\$8,915,471</u>
<u>PAYMENTS TO</u>						
City Grants Management Fund	Grant matching funds	\$ -		\$1,389	\$ -	\$1,389
City Capital Improvement Fund	Return of excess subsidy	58,285		-	-	-
City Sports Facilities Tax Fund	Return of excess subsidy	6		-	-	-
		<u>\$58,291</u>		<u>\$1,389</u>	<u>\$ -</u>	<u>\$1,389</u>

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, 2017, the City General Fund provided \$980,731 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 paid to the City for the year are as follows: Lake Hefner Golf Course \$23,939; Lincoln Park Golf Course \$25,799; Trooper Park Golf Course \$6,724; and Earlywine Park Golf Course \$16,447. These charges are reported with expenses.

In 2012 the Authority hired a Trust Specialist to manage the overall operations of the golf courses. The Trust Specialist is an employee of the City. The golf courses reimburse the City for the Trust Specialist's salary. The salary reimbursement to the City for the year are as follows: Lake Hefner Golf Course \$26,927; Lincoln Park Golf Course \$26,927; Trooper Park Golf Course \$26,927; and Earlywine Park Golf Course \$13,464. 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, 2015, rolled forward to June 30, 2016. 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	5.88% 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 55 with 5 years (Post 3/67 hires)

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, 2015, the employer contribution rate changed from 6.44% to 5.88% of covered payroll. Beginning July 1, 2016, the employer contribution rate changed from 5.88% to 5.33%. The employee contributes 6.00% of covered payroll. Administrative costs are funded with investment earnings.

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, 2015, the inflation rate decreased from 3.0% to 2.8%.

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 (1)

Fiscal Year	Actuarial Valuation Date	OCERS			Authority Share			
		Actuarially Determined Contribution	Employer Contribution	Unfunded	Actuarially Determined Contribution	Employer Contribution	Percentage Contributed	
				Liability				Ratio
2017 (2)	12/31/16	\$6,853,993	\$6,853,993	\$31,147,000	\$119,259	\$119,259	100.0%	
2016	12/31/15	7,410,919	7,411,117	31,092,000	128,950	128,950	100.0	
2015	12/31/14	8,230,702	8,207,083	21,391,000	145,683	145,265	99.7	

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

(2) The actuarially determined contribution for 2017 is estimated and may change upon receipt of the actuarial report. Authority share for 2017 is calculated using the 2016 share and may change upon receipt of the actuarial report.

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 liability is allocated using the Authority's share of employer contributions for the payroll ending June 30, 2017. The Authority share is 1.74%.

	<u>Total</u>		<u>Authority Share</u>			
Total pension liability	(\$650,296,394)		(\$11,315,157)			
Fiduciary net position	<u>649,123,256</u>		<u>11,294,744</u>			
Net pension asset (liability)	<u>(\$1,173,138)</u>		<u>(\$20,413)</u>			
Plan fiduciary net position as a percentage of the total pension liability	99.82%		99.82%			
	<u>Total Pension Liability</u>		<u>Plan Fiduciary Net Position</u>		<u>Net Pension Asset (Liability)</u>	
	<u>OCERS</u>	<u>Authority Share</u>	<u>OCERS</u>	<u>Authority Share</u>	<u>OCERS</u>	<u>Authority Share</u>
Beginning balance	\$623,305,898	\$10,845,523	\$670,163,985	\$11,660,853	\$46,858,087	\$815,330
Service cost	16,478,008	286,717	-	-	(16,478,008)	(286,717)
Interest	46,209,223	804,040	-	-	(46,209,223)	(804,040)
Differences between expected and actual experience	(12,124,853)	(210,972)	-	-	12,124,853	210,972
Changes of assumptions	7,271,967	126,532	-	-	(7,271,967)	(126,532)
Contributions - employer	-	-	7,411,117	128,953	7,411,117	128,953
Contributions - employee	-	-	7,562,162	131,582	7,562,162	131,582
Net investment income	-	-	(4,840,456)	(84,224)	(4,840,456)	(84,224)
Benefit payments and refunds	(30,843,849)	(536,683)	(30,843,849)	(536,683)	-	-
Administrative expense	-	-	(397,732)	(6,921)	(397,732)	(6,921)
Other changes	-	-	<u>68,029</u>	<u>1,184</u>	<u>68,029</u>	<u>1,184</u>
	<u>\$650,296,394</u>	<u>\$11,315,157</u>	<u>\$649,123,256</u>	<u>\$11,294,744</u>	<u>\$(1,173,138)</u>	<u>\$(20,413)</u>

VII. A. 4. RATE OF RETURN AND DISCOUNT RATE

Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was -.80% 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		Target Allocation
Core Bonds	2.80%	Domestic	50.00%
Core Plus	3.07	International	10.00
Global Bonds	2.69	Fixed income	25.00
Absolute Return	4.42	Real estate	15.00
U.S. Large Cap Equity	7.55		
U.S. Small Cap Equity	8.76		
International Developed Equity	8.51		
Emerging Market Equity	9.78		
Long/Short Equity	7.46		
Private Equity	10.49		
Core Real Estate	5.77		
Opportunistic Real Estate	9.11		
Commodities	3.96		

Discount Rate

A single discount rate of 7.4% 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 7.4%. The projections of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contributions rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	Rate	<u>Total Pension Asset (Liability)</u>		<u>Net Pension Asset (Liability)</u>	
		<u>OCERS</u>	<u>Authority Share</u>	<u>OCERS</u>	<u>Authority Share</u>
1% decrease	6.40%	(\$730,425,239)	(\$12,709,399)	(\$81,301,983)	(\$1,414,655)
Current single discount rate	7.40	(650,296,394)	(11,315,157)	(1,173,138)	(20,413)
1% increase	8.40	(582,744,406)	(10,139,753)	66,378,850	1,154,992

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	54% of premium
Plan members	46% 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 if hired before January 1, 2017. General employees hired before January 1, 2017 are eligible for membership if they retire on or after age 60 with 15 years of service or 25 years of service regardless of age. 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.

Funding Policy

Contribution requirements are actuarially determined and established by City Council ordinance. Beginning January 1, 2017, the employer contribution rate changed from 56% of premium to 54% 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	3,381
Retirees and beneficiaries currently receiving benefits	2,175
	<u>5,556</u>

Annual Required Contributions - Actuarial Assumptions

Provisions for:	<u>City OPEB</u>
Disability benefits	Yes
Death benefits	Yes
Valuation date	7/1/16
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	8.5% (6.0% for Medicare age)
Mortality table	RP 2000 combined mortality table projected to 2010 using scale AA

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by OCPEBT and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between OCPEBT and Plan members to that point. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions 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, 2016, actuarial valuation, the health care trend rate was increased to 8.5% from 8.0% for pre-65 retirees and to 6.0% from 5.75% for post-65 retirees.

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

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

Annual OPEB Costs

	Authority <u>Funds</u>	<u>Total</u>
Annual required contribution	\$516,807	\$34,082,757
Interest on net OPEB obligation	115,931	7,645,504
Adjustment to annual required contribution	<u>(106,424)</u>	<u>(7,018,546)</u>
Annual OPEB cost	526,314	34,709,715
Contributions made	-	<u>(15,817,181)</u>
Increase in net OPEB obligation	526,314	18,892,534
Net OPEB obligation, beginning of year	<u>3,967,361</u>	<u>155,712,951</u>
end of year	<u>\$4,493,675</u>	<u>\$174,605,485</u>

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$34,709,715	\$15,817,181	45.6%	\$174,605,485
2016	33,900,987	17,800,001	52.5	155,712,951
2015	36,411,642	18,815,545	51.7	139,611,965

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)	\$42,233,216
Actuarial accrued liability (AAL)	467,908,972
Unfunded actuarial accrued liability (UAAL)	425,675,756
Funded ratio (AVA/AAL)	9.0%
Covered payroll (active plan members)	224,807,896
UAAL as a percentage of covered payroll	189.4%

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, OCPPA, are composed of improvements in government activities totaling \$29,346 and fairground improvements of \$3,185,079.

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, 2017, the remaining commitment under the agreement is approximately \$14.531 million including \$11.615 million assigned to the City.

X. CONTINGENCIES

The Authority is party to various legal proceedings which normally occur in operations. Any liabilities resulting from these legal proceedings are not likely to have a material adverse impact on the Authority.

XI. SUBSEQUENT EVENTS

On August 1, 2017, the City approved a Transfer of Funds and Repayment Agreement (Agreement) between the OCMFA and the OCPPA to purchase a sound system for the Civic Center Music Hall and related financial transactions according to the terms of the Agreement. The Agreement provides a principal amount of \$3,706,000 at an interest rate of 2.64% to be repaid with six annual payments. The first annual payment is scheduled for June 1, 2018.

Required Supplementary Information

**REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION**

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority Share	1.74%	1.77%	1.64%
Authority share of the net pension liability (asset)	\$20,413	(\$829,389)	(\$1,007,164)
Other funds of the City share of the net pension liability (asset)	<u>1,152,725</u>	<u>(46,028,698)</u>	<u>(60,405,333)</u>
Total net pension liability (asset)	<u>\$1,173,138</u>	<u>(\$46,858,087)</u>	<u>(\$61,412,497)</u>
Covered payroll	\$126,036,039	\$127,805,936	\$124,957,446
Authority share of covered payroll	2,193,027	2,262,165	2,049,302
Net pension liability (asset) as a percentage of covered payroll	0.93%	-36.66%	-49.15%
Plan fiduciary net position as a percentage of total pension liability	99.82%	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 until eventually 10 years of information is available.

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

<u>June 30,</u>	Contractually Required Contribution <u>(CRC) (3)</u>	Contributions in Relation to <u>CRC</u>	Contributions Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Actual Contribution As a Percentage of Covered <u>Payroll</u>
2017 (4)	\$119,259	\$119,259	\$ -	\$1,987,658	6.00%
2016	128,950	128,950	-	2,193,027	5.88
2015	145,683	145,265	418	2,262,165	6.44
2014	145,496	145,496	-	2,049,302	7.44

- (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, Authority share for fiscal years before June 30, 2014, is not available. This information will be developed prospectively until eventually 10 years of information is available. Total plan information is provided below.

<u>June 30,</u>	Covered <u>Payroll</u>	Employer <u>Contributions</u>
2013	\$109,293,000	\$9,614,625
2012	102,915,000	7,132,772
2011	110,408,000	5,585,595
2010	105,566,000	5,464,178
2009	99,574,000	7,211,608
2008	95,504,000	8,479,329

- (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 2017 is estimated and may change upon receipt of the actuarial report.

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

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

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)
7/1/2016	\$42,233,216	\$467,908,972	\$425,675,756	9.0%	\$224,807,896	189.4%
7/1/2015	39,337,227	439,922,296	400,585,069	8.9	219,484,135	182.5
7/1/2014	34,027,895	474,680,748	440,652,853	7.2	213,091,393	206.8

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year	Employer Contribution	Annual Required Contribution	Percentage Contributed
2017	\$15,817,181	\$34,082,757	46.4%
2016	17,800,001	33,338,859	53.4
2015	18,815,545	35,920,317	52.4

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 Course.*
- * ***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.*

**COMBINING STATEMENT OF NET POSITION
GOLF COURSES FUND
June 30, 2017**

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	<u>Lake Hefner Golf Course</u>	<u>Lincoln Park Golf Course</u>	<u>Trosper Park Golf Course</u>	<u>Earlywine Park Golf Course</u>	<u>James E. Stewart Golf Course</u>	<u>Golf Course System</u>	<u>Total Golf Fund</u>
<u>ASSETS</u>							
<u>CURRENT ASSETS</u>							
Pooled cash-----	\$ -	\$ -	\$ -	\$ -	\$ -	\$274,998	\$274,998
Non-pooled cash-----	379,078	340,720	82,435	229,514	49,158	-	1,080,905
Investments-----	-	-	-	-	-	1,677,486	1,677,486
Accounts receivable, net-----	-	-	-	-	5,494	-	5,494
Interest, dividends, and royalties receivable-----	-	-	-	-	-	2,095	2,095
Due within golf courses-----	(36,033)	(40,160)	(14,005)	(30,070)	3,774	116,494	-
Inventories-----	120,605	63,076	30,441	101,945	21,534	-	337,601
Prepays-----	850	2,207	1,819	1,675	1,675	-	8,226
Total current assets-----	464,500	365,843	100,690	303,064	81,635	2,071,073	3,386,805
<u>NON-CURRENT ASSETS</u>							
Investments-----	-	-	-	-	-	455,710	455,710
Prepays, non-current-----	-	-	415	-	-	-	415
Capital assets:							
Land and construction in progress-----	-	-	-	-	-	165	165
Other capital assets, net of accumulated depreciation--	649,784	2,296,049	545,782	837,833	327,985	6,787,640	11,445,073
Capital assets, net-----	649,784	2,296,049	545,782	837,833	327,985	6,787,805	11,445,238
Total non-current assets-----	649,784	2,296,049	546,197	837,833	327,985	7,243,515	11,901,363
Total assets-----	1,114,284	2,661,892	646,887	1,140,897	409,620	9,314,588	15,288,168
<u>DEFERRED OUTFLOWS OF RESOURCES-----</u>	300,489	235,383	50,081	190,309	95,155	1,140	872,557
<u>LIABILITIES</u>							
<u>CURRENT LIABILITIES</u>							
Accounts payable and accrued expenses-----	77,602	71,376	21,442	39,295	30,807	70,017	310,539
Wages and benefits payable-----	70,750	63,181	14,959	49,784	21,352	-	220,026
Payable to the City of Oklahoma City-----	145,427	199,254	16,439	31,551	23,313	(55,936)	360,048
Compensated absences-----	21,765	21,511	5,803	21,757	3,817	-	74,653
Bond interest payable-----	-	-	-	-	-	98,964	98,964
Bonds payable-----	-	-	-	-	-	825,000	825,000
Total current liabilities-----	315,544	355,322	58,643	142,387	79,289	938,045	1,889,230
<u>NON-CURRENT LIABILITIES</u>							
Compensated absences-----	49,656	33,680	9,357	23,636	6,192	-	122,521
Payable to the City of Oklahoma City-----	160,110	216,613	-	-	-	-	376,723
Bonds payable, net-----	-	-	-	-	-	11,199,501	11,199,501
Net pension liability-----	7,039	5,514	1,173	4,458	2,229	-	20,413
Net other post-employment benefit obligation-----	1,538,930	1,292,701	430,900	738,686	492,458	-	4,493,675
Total non-current liabilities-----	1,755,735	1,548,508	441,430	766,780	500,879	11,199,501	16,212,833
Total liabilities-----	2,071,279	1,903,830	500,073	909,167	580,168	12,137,546	18,102,063
<u>DEFERRED INFLOWS OF RESOURCES-----</u>	97,465	76,347	16,244	61,728	30,864	-	282,648
<u>NET POSITION (DEFICIT)</u>							
Net investment in capital assets-----	649,783	2,296,046	545,781	837,834	318,484	(4,344,676)	303,252
Restricted for:							
Capital projects-----	-	-	-	-	-	993	993
Debt service-----	-	-	-	-	-	621,227	621,227
Unrestricted-----	(1,403,754)	(1,378,948)	(365,130)	(477,523)	(424,741)	900,638	(3,149,458)
Total net position (deficit)-----	(\$753,971)	\$917,098	\$180,651	\$360,311	(\$106,257)	(\$2,821,818)	(\$2,223,986)

**COMBINING STATEMENT OF REVENUES, EXPENSES, OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY
AND CHANGES IN FUND NET POSITION
GOLF COURSES FUND
For the Year Ended June 30, 2017**

	<u>Lake Hefner Golf Course</u>	<u>Lincoln Park Golf Course</u>	<u>Trosper Park Golf Course</u>	<u>Earlywine Park Golf Course</u>	<u>James E. Stewart Golf Course</u>	<u>Golf Course System</u>	<u>Total Golf Fund</u>
<u>OPERATING REVENUES</u>							
<u>CHARGES FOR SERVICES</u>							
Green fees-----	\$1,673,480	\$1,641,648	\$450,173	\$1,105,357	\$183,248	\$ -	\$5,053,906
Concessions-----	564,811	499,987	115,584	204,289	64,921	-	1,449,592
Other charges-----	1,288	20,718	597	386	5	-	22,994
Total charges for services-----	2,239,579	2,162,353	566,354	1,310,032	248,174	-	6,526,492
Golf cart rentals-----	733,989	828,571	247,234	521,482	75,592	-	2,406,868
Other-----	500	76	127	41	18	-	762
Total operating revenues-----	2,974,068	2,991,000	813,715	1,831,555	323,784	-	8,934,122
<u>OPERATING EXPENSES</u>							
Personal services-----	1,689,999	1,395,566	492,214	1,161,790	482,333	-	5,221,902
Maintenance, operations, and contractual services-----	422,920	479,444	175,639	253,212	120,929	1,005,120	2,457,264
Materials and supplies-----	524,235	537,377	159,290	332,433	171,172	2,360	1,726,867
Depreciation-----	143,986	288,677	102,682	161,998	67,671	142,015	907,029
Total operating expenses-----	2,781,140	2,701,064	929,825	1,909,433	842,105	1,149,495	10,313,062
Operating income (loss)-----	192,928	289,936	(116,110)	(77,878)	(518,321)	(1,149,495)	(1,378,940)
<u>NON-OPERATING REVENUES (EXPENSES)</u>							
Investment income-----	-	-	-	-	-	11,056	11,056
Interest on bonds and notes-----	(6,673)	(9,028)	-	-	-	(401,667)	(417,368)
Amortization-----	-	-	-	-	-	2,583	2,583
Payments from the City of Oklahoma City-----	-	-	-	-	410,006	980,731	1,390,737
Payments to the City of Oklahoma City-----	-	(1,389)	-	-	-	-	(1,389)
Other revenues-----	1,941	6,966	557	2,981	48,771	34,163	95,379
Net non-operating revenues (expenses)-----	(4,732)	(3,451)	557	2,981	458,777	626,866	1,080,998
Income (loss) before transfers-----	188,196	286,485	(115,553)	(74,897)	(59,544)	(522,629)	(297,942)
Transfers within the golf courses-----	(515,396)	(579,424)	70,553	(272,317)	-	1,296,584	-
Changes in net position (deficit)-----	(327,200)	(292,939)	(45,000)	(347,214)	(59,544)	773,955	(297,942)
Total net position, beginning-----	(426,771)	1,210,037	225,651	707,525	(46,713)	(3,595,773)	(1,926,044)
Total net position (deficit), ending-----	(\$753,971)	\$917,098	\$180,651	\$360,311	(\$106,257)	(\$2,821,818)	(\$2,223,986)

**COMBINING STATEMENT OF CASH FLOWS
GOLF COURSES FUND**

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

For the Year Ended June 30, 2017

	<u>Lake Hefner Golf Course</u>	<u>Lincoln Park Golf Course</u>	<u>Trosper Park Golf Course</u>	<u>Earlywine Park Golf Course</u>	<u>James E. Stewart Golf Course</u>	<u>Golf Course System</u>	<u>Total Golf Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>							
Cash received from customers-----	\$2,977,996	\$2,992,288	\$814,617	\$1,825,982	\$384,879	\$32,593	\$9,028,355
Cash payments to suppliers for goods and services-----	(890,354)	(939,785)	(330,020)	(572,823)	(275,997)	(914,878)	(3,923,857)
Cash payments to employees and professional contractors for services-----	(1,495,970)	(1,216,404)	(419,370)	(1,065,869)	(433,784)	4,222	(4,627,175)
Cash payments for internal services-----	(19,558)	(81,125)	(10,801)	(3,883)	(7,773)	(81,252)	(204,392)
Operating payments from City of Oklahoma City-----	-	-	-	-	410,006	980,731	1,390,737
Operating payments to City of Oklahoma City-----	-	(1,389)	-	-	-	(70,192)	(71,581)
Operating payments within the Department-----	(447,611)	(606,739)	(211)	(264,665)	-	1,319,226	-
Net cash provided (used) by operating activities-----	124,503	146,846	54,215	(81,258)	77,331	1,270,450	1,592,087
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>							
Payments for acquisition and construction of capital assets-----	-	(59,615)	-	(17,590)	(75,924)	(14,103)	(167,232)
Principal paid on long-term debt-----	-	-	-	-	-	(795,000)	(795,000)
Interest paid on long-term debt-----	-	-	-	-	-	(407,297)	(407,297)
Capital and capital related payments to City of Oklahoma City---	(97,977)	(132,553)	-	-	-	-	(230,530)
Proceeds from sale of assets-----	-	4,701	-	2,552	-	-	7,253
Net cash provided (used) by capital and related financing activities-----	(97,977)	(187,467)	-	(15,038)	(75,924)	(1,216,400)	(1,592,806)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>							
Payments for purchase of investments-----	-	-	-	-	-	(1,223,147)	(1,223,147)
Proceeds from sale of investments-----	-	-	-	-	-	1,216,773	1,216,773
Changes in pooled investments-----	-	-	-	-	-	(138,795)	(138,795)
Investment income received-----	-	-	-	-	-	9,740	9,740
Purchased interest-----	-	-	-	-	-	(208)	(208)
Net cash provided (used) by investing activities-----	-	-	-	-	-	(135,637)	(135,637)
Net increase (decrease) in cash-----	26,526	(40,621)	54,215	(96,296)	1,407	(81,587)	(136,356)
Cash, beginning-----	352,552	381,341	28,220	325,810	47,751	356,585	1,492,259
Cash, ending-----	\$379,078	\$340,720	\$82,435	\$229,514	\$49,158	\$274,998	\$1,355,903

**COMBINING STATEMENT OF CASH FLOWS
GOLF COURSES FUND**

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

For the Year Ended June 30, 2017

	<u>Lake Hefner Golf Course</u>	<u>Lincoln Park Golf Course</u>	<u>Trosper Park Golf Course</u>	<u>Earlywine Park Golf Course</u>	<u>James E. Stewart Golf Course</u>	<u>Golf Course System</u>	<u>Total Golf Fund</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>							
Operating income (loss)-----	\$192,928	\$289,936	(\$116,110)	(\$77,878)	(\$518,321)	(\$1,149,495)	(\$1,378,940)
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) OPERATING ACTIVITIES</u>							
Depreciation-----	143,986	288,677	102,682	161,998	67,671	142,015	907,029
Other revenue-----	1,941	2,266	557	428	66,541	34,163	105,896
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable-----	-	-	-	-	(5,494)	-	(5,494)
(Increase) decrease in payments/transfers from (to) within the Department-----	(355,919)	(446,870)	69,665	(272,402)	-	1,236,056	230,530
(Increase) decrease in receivable from City of Oklahoma City-----	6,085	3,184	-	-	405,865	975,603	1,390,737
(Increase) decrease in inventories-----	4,772	(22,140)	(4,234)	(927)	4,396	-	(18,133)
(Increase) decrease in prepaid assets-----	1,255	2,135	150	2,552	-	-	6,092
(Increase) decrease in net pension asset-----	271,777	224,919	79,659	182,747	70,287	-	829,389
(Increase) decrease in deferred outflows-----	(257,505)	(199,810)	(37,483)	(161,406)	(84,038)	183	(740,059)
Increase (decrease) in accounts payable and accrued expenses-----	25,675	(2,205)	(919)	8,128	7,378	7,190	45,247
Increase (decrease) in wages and benefits payable-----	5,761	6,758	(3,495)	(34)	2,038	-	11,028
Increase (decrease) in payable to City of Oklahoma City-----	(90,950)	(148,206)	(66,743)	-	(3,392)	24,735	(284,556)
Increase (decrease) in compensated absences-----	2,858	8,377	(4,306)	(1,244)	2,830	-	8,515
Increase (decrease) in net pension liability-----	7,039	5,514	1,173	4,458	2,229	-	20,413
Increase (decrease) in net other post-employment benefit obligation-----	180,245	151,406	50,469	86,517	57,678	-	526,315
Increase (decrease) in deferred inflows-----	(15,445)	(17,095)	(16,850)	(14,195)	1,663	-	(61,922)
Total adjustments-----	(68,425)	(143,090)	170,325	(3,380)	595,652	2,419,945	2,971,027
Net cash provided (used) by operating activities-----	\$124,503	\$146,846	\$54,215	(\$81,258)	\$77,331	\$1,270,450	\$1,592,087

This Page Left Intentionally Blank

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 governmental activities, the business-type activities, and each major fund of the Oklahoma City Public Property Authority (Authority) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 17, 2017.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

November 17, 2017
Wichita, Kansas

