

OKLAHOMA CITY URBAN RENEWAL AUTHORITY

FINANCIAL STATEMENTS
(Modified Cash Basis)

JUNE 30, 2021

TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT



OKLAHOMA CITY URBAN RENEWAL AUTHORITY

Table of Contents

June 30, 2021

AUDITED FINANCIAL STATEMENTS

Independent Auditor’s Report	1
Government-Wide Financial Statements – Modified Cash Basis	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements – Modified Cash Basis	
Balance Sheet – Governmental Funds	5
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	6
Notes to Financial Statements – Modified Cash Basis	7
Supplementary Information – Modified Cash Basis	
Combining Balance Sheet – General Fund	14
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund.....	15
Other Reports:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.....	18
Schedule of Expenditures of Federal Awards.....	20
Notes to Schedule of Expenditures of Federal Awards.....	21
Schedule of Findings and Questioned Costs.....	22
Summary Schedule of Prior Findings and Questioned Costs	24



INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Oklahoma City Urban Renewal Authority
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements – modified cash basis of the governmental activities and each major fund of Oklahoma City Urban Renewal Authority (the “Authority”) as of and for the year ended June 30, 2021, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 Authority’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 Authority’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 financial position – modified cash basis of the governmental activities and each major fund of the Oklahoma City Urban Renewal Authority as of June 30, 2021, and the respective changes in financial position – modified cash basis thereof for the year then ended in accordance with the basis of accounting described in Note 1.

HSPG & ASSOCIATES, PC

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The basic financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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 supplementary information consisting of combining general fund financial statements - modified cash basis, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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.

HSPG & Associates, P.C.

December 16, 2021

OKLAHOMA CITY URBAN RENEWAL AUTHORITY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2021

ASSETS

Cash and cash equivalents	\$ 4,238,720
Investments	490,000
Due from related parties	<u>995,620</u>

TOTAL ASSETS \$ 5,724,340

LIABILITIES

Deposits	<u>\$ 26,000</u>
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TOTAL LIABILITIES 26,000

NET POSITION

Restricted - economic development	2,987,381
Restricted - City of Oklahoma City	628,853
Unrestricted	<u>2,082,106</u>

TOTAL NET POSITION 5,698,340

TOTAL LIABILITIES AND NET POSITION \$ 5,724,340

The accompanying notes are an integral part of these financial statements.

OKLAHOMA CITY URBAN RENEWAL AUTHORITY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenues		Net Revenues (Expenses)
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Economic development	\$ 3,029,260	\$ 654,925	\$ 1,282,195	\$ (1,092,140)
Expenditures to the City	<u>391,536</u>	<u>-</u>	<u>-</u>	<u>(391,536)</u>
Total governmental activities	<u><u>\$ 3,420,796</u></u>	<u><u>\$ 654,925</u></u>	<u><u>\$ 1,282,195</u></u>	<u><u>(1,483,676)</u></u>
GENERAL REVENUES				
Investment income				28,059
Real estate sales				1,998,662
Other				<u>134,466</u>
Total general revenues				<u><u>2,161,187</u></u>
CHANGE IN NET POSITION				677,511
NET POSITION, BEGINNING OF YEAR				<u>5,020,829</u>
NET POSITION, END OF YEAR				<u><u>\$ 5,698,340</u></u>

The accompanying notes are an integral part of these financial statements.

OKLAHOMA CITY URBAN RENEWAL AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
JUNE 30, 2021

	<u>General Fund</u>	<u>Oklahoma City Redevelopment Corporation</u>	<u>Bass Pro Shop Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 3,428,604	\$ 181,263	\$ 628,853	\$ 4,238,720
Investments	490,000	-	-	490,000
Due from related parties	995,620	-	-	995,620
Total assets	<u>\$ 4,914,224</u>	<u>\$ 181,263</u>	<u>\$ 628,853</u>	<u>\$ 5,724,340</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Deposits	\$ 26,000	\$ -	\$ -	\$ 26,000
Total liabilities	<u>26,000</u>	<u>-</u>	<u>-</u>	<u>26,000</u>
 Fund Balances				
Restricted - economic development	2,947,208	40,173	-	2,987,381
Restricted - City of Oklahoma City	-	-	628,853	628,853
Committed	-	141,090	-	141,090
Unassigned	1,941,016	-	-	1,941,016
Total fund balances	<u>4,888,224</u>	<u>181,263</u>	<u>628,853</u>	<u>5,698,340</u>
Total liabilities and fund balances	<u>\$ 4,914,224</u>	<u>\$ 181,263</u>	<u>\$ 628,853</u>	<u>\$ 5,724,340</u>

The accompanying notes are an integral part of these financial statements.

OKLAHOMA CITY URBAN RENEWAL AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Oklahoma City Redevelopment Corporation</u>	<u>Bass Pro Shop Fund</u>	<u>Total</u>
REVENUES				
Federal grant revenues	\$ 1,282,195	\$ -	\$ -	\$ 1,282,195
Rentals	25,720	-	629,205	654,925
Real estate sales	1,998,662	-	-	1,998,662
Interest	28,021	38	-	28,059
Other	134,466	-	-	134,466
Total revenues	<u>3,469,064</u>	<u>38</u>	<u>629,205</u>	<u>4,098,307</u>
EXPENDITURES				
General and administrative	773,839	-	75,657	849,496
Real estate acquisition	104,981	-	-	104,981
Property disposition	476,464	-	-	476,464
Site improvement	38,690	-	-	38,690
Legal and professional	283,858	4,397	1,675	289,930
Property management	409,375	-	142,896	552,271
Business improvements	461,226	-	3,932	465,158
Grants	251,295	-	-	251,295
Expenditures to the City	2,250	-	389,286	391,536
Other	975	-	-	975
Total expenditures	<u>2,802,953</u>	<u>4,397</u>	<u>613,446</u>	<u>3,420,796</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCES	666,111	(4,359)	15,759	677,511
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	40,374	-	(40,374)	-
NET CHANGES IN FUND BALANCES	706,485	(4,359)	(24,615)	677,511
FUND BALANCES, BEGINNING OF YEAR	<u>4,181,739</u>	<u>185,622</u>	<u>653,468</u>	<u>5,020,829</u>
FUND BALANCES, END OF YEAR	<u>\$ 4,888,224</u>	<u>\$ 181,263</u>	<u>\$ 628,853</u>	<u>\$ 5,698,340</u>

The accompanying notes are an integral part of these financial statements.

OKLAHOMA CITY URBAN RENEWAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – The Oklahoma City Urban Renewal Authority (the Authority) was established by state-enabling legislation in 1959 and the appointment of the Authority's Board of Commissioners by the City Council of the City of Oklahoma City (the "City") in November 1961. The Authority's purpose is to eliminate blight and redevelop blighted areas. Activities are primarily funded by Community Development Block Grants (CDBG) from the U.S. Department of Housing and Urban Development (HUD) awarded to the City and passed through to the Authority as well as funds from other governmental and private organizations.

Reporting Entity – The Authority itself is not a component unit of the City. The City considers the Authority as a related organization in its annual financial report.

The Authority has one component unit, Oklahoma City Redevelopment Corporation (the Corporation), which is a 501(c)(3) tax-exempt nonprofit Oklahoma corporation governed by a board of trustees. Most, if not all, trustees of the Corporation are also commissioners of the Authority. The operations of the Corporation are blended with the financial data of the Authority. It is represented as a special revenue fund on the accompanying financial statements because the sole purpose of the Corporation is to support the redevelopment activities of the Authority, and the governance of the Corporation and the Authority are, in essence, the same.

Basis of Accounting and Presentation – The Authority's financial statements are reported on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The modified cash basis of accounting is based on the recording of cash and changes therein and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in GAAP. These modifications include adjustments for the following balances arising from cash transactions:

- Cash-based interfund receivables and payables
- Other cash-based receivables and payables
- Investment securities recorded at cost, which approximates market value

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and accrued revenues and receivables) and certain liabilities and their related expenses (such as accounts payable, expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements. In addition, redevelopment property and other property and equipment are not recorded, depreciation is not recorded, and debt is not reflected as a liability.

Government-Wide Financial Statements – The accompanying statements of net position and activities - modified cash basis display information about the Authority as a whole. The Authority's activities are all governmental in nature. The Authority has no business-type activities, as defined by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

Fund Financial Statements

Fund financial statements are normally organized into funds, each of which is considered to be a separate accounting entity. A fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund balances, revenues and expenditures/expenses.

For the financial statement presentation, the Authority presently has the following funds:

- ***General Fund***-The operating fund of the Authority. It includes and is used to account for all of the following activities:
 - ***Closeout Project Fund*** - Reflects the activity of three projects, which have been combined into one fund for financial statement purposes. A description of each project is as follows:
 - Oklahoma R-20 University Medical Center reflects all ongoing activities in the Health Sciences Center area that are financed by federal funds pursuant to a September 19, 1978, closeout agreement with HUD.
 - Oklahoma R-30 Central Business District reflects all ongoing activities in the Central Business District that are financed by federal funds pursuant to an October 16, 1979, closeout agreement with HUD.
 - Oklahoma R-35 John F. Kennedy Urban Renewal Area reflects all ongoing activities in the John F. Kennedy area that are financed by federal funds pursuant to an October 16, 1979, closeout agreement with HUD.
 - ***Revolving Fund*** - Used to pay general and administrative costs. A cost allocation process is utilized to determine the amounts transferred from the various other funds. The amount of transfer to the revolving account is recorded as a disbursement for general and administrative costs for each of the various funds. All revolving account disbursements have been included in the appropriate fund for which the underlying disbursements were made. The Revolving Fund records the reimbursement from other funds as a reduction of the expense and, therefore, reports no revenues or expenses.
 - ***Core to Shore*** - Consists of two funds, one of which was funded by the MAPS 3 initiative and closed out during the year and the other, which is funded through other sources, including allocation of Increment District No. 2, The City of Oklahoma City (TIF 2) tax revenue. The project is for the stated purpose of improving an area designated by the City Council, which has suffered decline and also includes a downtown public park, convention center and train station.
 - ***Sports Entertainment Parking II (SEP II) Improvements Fund*** - Depicts activities related to the creation of a mixed-use development with a focus on entertainment, parking and supporting development for the MAPS initiative, including hotel and residential initiatives. The project is funded primarily by Closeout Project funds.
 - ***Harrison-Walnut Other Fund*** - Depicts various activities in the Harrison-Walnut neighborhood, NE Renaissance, and Midtown, that are funded primarily by the Closeout Project funds.

- ***Nonfederal Fund*** - A fund originally financed by the City in 1970 for carrying out activities deemed necessary or worthwhile by the Authority's Board of Commissioners. It is not financed by federal or state funds.
- ***Special Revenue Funds*** - Designated as major funds by the Authority. It is used to separately account for the following specific funds or activities:
 - ***Oklahoma City Redevelopment Corporation*** - A nonprofit Oklahoma corporation that was created as a mechanism to dispose of downtown development property to independent developers and to provide a supportive role for the Authority's redevelopment activities.
 - ***Bass Pro Shop Fund*** - Reflects activities related to the construction and subsequent lease of a facility in the Bricktown Entertainment District to be utilized by Bass Pro, Inc. Monies for the construction of the facility were provided by the City. The original lease, which commenced in November 2003, is for a period of 20 years, and rental income paid to the Authority pursuant to the lease, less certain amounts retained by the Authority for related expenses, are remitted to the City and reported as an expenditure to the City.

Cash and Cash Equivalents – The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2021, cash equivalents consisted primarily of money market accounts with brokers.

Investments – Investments are stated at cost, which approximates market value. Investments are comprised of negotiable certificates of deposit acquired through cash transactions. They do not include real estate held for resale or held for development.

Net Position Classifications

Government-Wide Financial Statements

Equity is classified as net position and displayed in two components:

- ***Restricted*** - Represents net position that has been restricted by outside sources, including the City and relevant State of Oklahoma statutes. The net position has been restricted for economic development and reimbursement to the City.
- ***Unrestricted*** - Represents the remaining net position, if any.

Fund Financial Statements

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, defines fund balances for presentation as follows:

- ***Nonspendable*** - Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This would include items not expected to be converted to cash.
- ***Restricted*** - Consists of fund balance amounts with constraints placed on the use of the resources either by (a) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.

- **Committed** - Reflects specific purposes pursuant to constraints imposed by formal action of the Authority's highest level of decision-making authority (the Board of Commissioners). Also, such constraints can only be removed or changed by the same form or formal action.
- **Assigned** - Reflects fund balance amounts that are constrained by the Authority's intent to be used for specific purposes but meet neither the restricted nor committed forms of constraint.
- **Unassigned**- Represents fund balance amounts that have not been assigned to other funds and have not been restricted, committed or assigned to specific purposes.

Based on the above definitions, the components of the Authority's fund balances are as follows:

- **Restricted** - The fund balances for several of the funds included in the General Fund as well as the Bass Pro Shop Fund are restricted.
- **Committed** - The fund balance for the Corporation is committed.
- **Unassigned** - The fund balances for several of the funds included in the General Fund are unassigned.

It is the Authority's policy to first use the restricted net position/fund balance prior to the use of the unrestricted net position/fund balance when an expenditure/expense is incurred for purposes for which both restricted and unrestricted net position/fund balances are available. The Authority's policy for the use of the unrestricted fund balance amounts requires committed amounts be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

General and Administrative Expenses – General and administrative expenses not incurred for a specific fund are allocated to the various funds based on staff hours incurred for each fund.

Income Taxes – The Authority is exempt from federal and state income taxes under Section 115(1) of the Internal Revenue Code.

2. DEPOSITS AND INVESTMENTS

Custodial credit risk – Exposure to custodial credit risk related to deposits exists when the Authority holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Authority's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exist when the Authority holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Authority's name.

At June 30, 2021, the Authority was not exposed to custodial credit risk as defined above.

Investment Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy stipulates that no more than 75% of the total funds available for investment may be placed in any one authorized institution. The Authority is not exposed to investment credit risk at June 30, 2021.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Of the funds invested, up to 100% may be invested with a maturity of one year or less, up to 30% may be invested with a maturity of one to three years, up to 10% may be invested with a maturity of three to five years and up to 5% may be invested with a maturity of 5 to 25 years. The Authority’s maturities are as follows: \$490,000 maturing in fiscal year 2022.

Fair Value – Various inputs may be used to determine the value of the Authority’s investments. These inputs are summarized in three broad levels for financial statement purposes. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority's recurring fair value measurements as of June 30, 2021, are its certificates of deposit, which are valued using Level 2 inputs.

3. DUE FROM RELATED PARTIES

Amounts due from related parties consisted of the following as of June 30, 2021:

Amounts due from the City for reimbursement of expenditures for CDBG projects	\$ 533,771
Amounts due from the Alliance for Economic Development of Oklahoma City for reimbursement of expenditures	9,046
Amounts due from the Oklahoma City Redevelopment Authority for reimbursement of expenditures and advances	<u>452,803</u>
	<u>\$ 995,620</u>

4. RENTAL INCOME

Rental income includes leases of acquired property and parking lot revenue. Most of these leases are on a month-to-month, semiannual or annual basis and are expected to be renewed; however, there are no assurances the leases will be renewed.

There are two multi-year leases, one for a billboard and one for the Bass Pro Shop building. The billboard lease ends August 31, 2023, and the lease income is the greater of \$10,000 per year or 19% of the net income received. The Bass Pro Shop lease ends in 2023 and the rental income is \$629,205 per year. The future minimum lease revenue related to these two leases is as follows:

	Closeout Fund	Bass Pro Shop Fund	Total
2022	\$ 10,000	\$ 629,205	\$ 639,205
2023	<u>1,666</u>	<u>629,205</u>	<u>630,871</u>
Total	<u>\$ 11,666</u>	<u>\$ 1,258,410</u>	<u>\$ 1,270,076</u>

5. RETIREMENT PLAN

The Authority participates in a Section 457 single-employer deferred compensation plan (the Plan) covering all permanent employees. Covered payroll equaled total payroll at \$210,629. In 2021, the employees contributed \$780, representing 0.37% of covered payroll, and the Authority contributed \$17,587, representing 8.35% of covered payroll. Assets of the Plan are not recorded in the Authority's financial statements.

6. RELATED-PARTY TRANSACTIONS

City of Oklahoma City – During 2021, the Authority paid \$389,286 to the City for its portion of the rental income from the Bass Pro Shop. Additionally, the City awards a portion of its federal grants to the Authority as a pass-through entity. Funding received by the Authority under these pass-through grants totaled \$1,282,195 for the year.

The Alliance for Economic Development of Oklahoma City – The Authority has a one-year agreement (the Agreement) with the Alliance for Economic Development of Oklahoma City (the Alliance) for professional services, which will terminate on June 30, 2022. Pursuant to the Agreement, scheduled payments totaled \$800,000 for the year. The Authority expensed approximately \$678,900 and allocated \$121,100 to the Oklahoma City Redevelopment Authority (“OCRA”), an independent entity also managed by the Alliance, for its activities. Annual service fees must be approved by the Board of Commissioners.

Oklahoma City Redevelopment Authority – The Authority shares certain administrative costs under the Agreement described above with OCRA. At June 30, 2021, the Authority reports a receivable from OCRA totaling \$29,091 for unreimbursed expenditures. Additionally, the Authority reports a receivable from OCRA totaling \$423,712 related to expenditures made on behalf of OCRA for purposes of property acquisition costs.

7. COMMITMENTS AND CONTINGENCIES

Leases – The Authority leases office space under a lease agreement through March 31, 2023. For the year ended June 30, 2021, the expense under this lease totaled \$69,812. The remaining obligation under this lease as of June 30, 2021, is as follows:

2022	\$ 70,778
2023	<u>53,627</u>
Total	<u>\$ 124,405</u>

See Note 8 for additional information.

Related party payables – At June 30, 2021, the Authority owes OCRA approximately \$4.4 million relating to the acquisition of land that was purchased and paid for by OCRA and subsequently transferred to the Authority.

Grants – In the normal course of operations, the Authority is a subrecipient of CDBG funds awarded to the City by HUD. The grant programs are subject to audit by agents of HUD, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as a result of these audits is not believed to be material.

Legal – In the normal course of operations, the Authority is party to legal proceedings that normally occur in governmental operations and other claims associated with property and enterprise operations. The legal proceedings and other claims are not likely to have a material adverse impact on the funds of the Authority.

8. SUBSEQUENT EVENTS

Effective August 1, 2021, the Authority amended its office lease described in Note 7. Under the terms of the amended agreement, the Authority secured office space through July 2031 with monthly lease payments of \$10,373 beginning November 1, 2021. Further, effective February 2022, the Authority is committed to leasing additional office space through January 2026 with monthly rental payments of \$4,200. An option to extend this additional space may be exercised by the Authority for an additional year with monthly payments of \$1,400.

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OKLAHOMA CITY URBAN RENEWAL AUTHORITY
COMBINING BALANCE SHEET - GENERAL FUND - MODIFIED CASH BASIS
JUNE 30, 2021

	<u>Closeout Project Fund</u>	<u>Revolving Fund</u>	<u>Core to Shore MAPS 3 Fund</u>	<u>Core to Shore Buffer Fund</u>	<u>SEP II Improvements Fund</u>	<u>Harrison- Walnut Other Fund</u>	<u>Nonfederal Fund</u>	<u>General Fund Total</u>
ASSETS								
Cash and cash equivalents	\$ 1,747,660	\$ 231,470	\$ -	\$ 710,941	\$ -	\$ -	\$ 738,533	\$ 3,428,604
Investments	245,000	-	-	-	-	-	245,000	490,000
Due from related parties	533,771	38,137	-	-	-	-	423,712	995,620
Due from (to) other funds	282,756	(269,607)	-	(13,149)	-	-	-	-
Total assets	<u>\$ 2,809,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 697,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,407,245</u>	<u>\$ 4,914,224</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Deposits	\$ 1,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ 26,000
Total liabilities	1,000	-	-	25,000	-	-	-	26,000
Fund Balances								
Restricted - economic development	2,274,416	-	-	672,792	-	-	-	2,947,208
Unassigned	533,771	-	-	-	-	-	1,407,245	1,941,016
Total fund balances	2,808,187	-	-	672,792	-	-	1,407,245	4,888,224
Total liabilities and fund balances	<u>\$ 2,809,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 697,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,407,245</u>	<u>\$ 4,914,224</u>

OKLAHOMA CITY URBAN RENEWAL AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPEDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	Closeout Project Fund	Revolving Fund	Core to Shore MAPS 3 Fund	Core to Shore Buffer Fund	SEP II Improvements Fund	Harrison- Walnut Other Fund	Nonfederal Fund	General Fund Total
REVENUES								
Federal grant revenues	\$ 821,439	\$ -	\$ -	\$ -	\$ -	\$ 460,756	\$ -	\$ 1,282,195
Rentals	5,675	-	-	525	19,420	100	-	25,720
Real estate sales	1,998,662	-	-	-	-	-	-	1,998,662
Interest	20,014	-	-	74	-	-	7,933	28,021
Other	94,126	-	-	-	-	-	40,340	134,466
Total revenues	2,939,916	-	-	599	19,420	460,856	48,273	3,469,064
General and administrative	595,715	-	-	71,611	22,036	83,908	569	773,839
Real estate acquisition	104,131	-	-	850	-	-	-	104,981
Property disposition	472,985	-	-	-	-	3,479	-	476,464
Site improvement	-	-	-	-	-	-	38,690	38,690
Legal and professional	138,717	-	-	60,682	8,560	61,901	13,998	283,858
Property management	308,301	-	-	10,828	-	90,246	-	409,375
Business improvements	19,610	-	-	-	8,947	432,669	-	461,226
Grants	194,670	-	-	-	-	56,625	-	251,295
Expenditures to the City	2,250	-	-	-	-	-	-	2,250
Other	-	-	-	-	-	-	975	975
Total expenditures	1,836,379	-	-	143,971	39,543	728,828	54,232	2,802,953
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCES	1,103,537	-	-	(143,372)	(20,123)	(267,972)	(5,959)	666,111
OTHER FINANCING SOURCES (USES)								
Transfers in (out)	(344,173)	-	-	96,452	20,123	267,972	-	40,374
NET CHANGES IN FUND BALANCES	759,364	-	-	(46,920)	-	-	(5,959)	706,485
FUND BALANCES, BEGINNING OF YEAR	2,048,823	-	-	719,712	-	-	1,413,204	4,181,739
FUND BALANCES, END OF YEAR	\$ 2,808,187	\$ -	\$ -	\$ 672,792	\$ -	\$ -	\$ 1,407,245	\$ 4,888,224



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 Commissioners
Oklahoma City Urban Renewal 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 and each major fund of the Oklahoma City Urban Renewal Authority (the "Authority"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 16, 2021. Our report included an emphasis-of-a-matter paragraph related to the Authority's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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) as a basis for designing 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 a 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 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 from 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 financial statements. However, providing an opinion on compliance with those provisions

HSPG & ASSOCIATES, PC

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HSPG & Associates, P.C.

December 16, 2021



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY THE UNIFORM GUIDANCE

To the Board of Commissioners
Oklahoma City Urban Renewal Authority
Oklahoma City, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the Oklahoma City Urban Renewal Authority’s (the “Authority”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority’s major federal programs for the year ended June 30, 2021. The Authority’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority’s compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the

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auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and each major fund of the Authority as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated December 16, 2021 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

HSPG & Associates, P.C.

December 16, 2021

OKLAHOMA CITY URBAN RENEWAL AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Cluster/Program	Federal Agency/ Pass-Through Entity	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount
U.S. Department of Housing and Urban Development Community Development Block Grant	U.S Department of Housing and Development / City of Oklahoma City	14.218	B-17-MC-40-0003	\$ 1,258,242
U.S. Department of Housing and Urban Development Home Investment Partnerships Program	U.S Department of Housing and Development / City of Oklahoma City	14.239	M-17-MC-40-0203	23,953
				<u>\$ 1,282,195</u>

OKLAHOMA CITY URBAN RENEWAL AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (“SEFA”) includes the federal award activity of the Oklahoma City Urban Renewal Authority (the “Authority”) under programs of the federal government for the year ended June 30, 2021. The information in this SEFA is presented in accordance with the requirement of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position or changes in net position of the Authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the modified cash basis of accounting. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. SUBRECIPIENTS

The Authority did not provide federal awards to subrecipients during the year ended June 30, 2021.

OKLAHOMA CITY URBAN RENEWAL AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Not prepared in accordance with GAAP.
Prepared in accordance with a special
purpose framework-modified cash basis-
unmodified

Internal control over financial reporting:
 Material weakness(es) identified? _____ yes X no
 Significant deficiency(ies) identified? _____ yes X none reported
 Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:
 Material weakness(es) identified? _____ yes X no
 Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor’s report issued on noncompliance
 for major federal programs: Unmodified

Any audit findings disclosed that are required to be
 reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant

Dollar threshold used to distinguish
 Between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes x no

OKLAHOMA CITY URBAN RENEWAL AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

Compliance Findings

None

Internal Control Findings

None

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Compliance Findings

None

Internal Control Findings

None

OKLAHOMA CITY URBAN RENEWAL AUTHORITY
SUMMARY SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

No Prior Year Audit Findings