

Financial Statements and Report of Independent
Certified Public Accountants

Oklahoma Industries Authority, Oklahoma County

June 30, 2012 and 2011

Contents

	Page
MANAGEMENT'S DISCUSSION AND ANALYSIS	i
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	3
FINANCIAL STATEMENTS	
STATEMENTS OF NET ASSETS	5
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
COMBINING STATEMENTS OF TRUST FUNDS AND CHANGES IN TRUST FUNDS ADMINISTERED	14
SCHEDULE OF BONDS PAYABLE - TRUST FUNDS ADMINISTERED	17
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS	18

Oklahoma Industries Authority

Management's Discussion and Analysis

Overview of Financial Statements and Financial Analysis

Oklahoma Industries Authority presents its financial statements for fiscal year 2012, with comparative data presented for fiscal year 2011. The emphasis of discussions concerning these statements will be for the current year. There are three financial statements presented: the Statements of Net Assets; the Statements of Revenues, Expense and Changes in Net Assets and the Statements of Cash Flows. This discussion and analysis of the Authority's financial statements provides an overview of its financial activities for the year.

Statements of Net Assets

The Statements of Net Assets presents the Assets, Liabilities, and Net Assets as of the end of the fiscal year. The purpose of the Statements of Net Assets is to present to the readers of the financial statements a fiscal snapshot of the Oklahoma Industries Authority.

From the data presented, readers of the Statements of Net Assets are able to determine the assets available to continue the operations of the Authority as well as determine how much the Authority owes vendors. Finally, the Statements of Net Assets provides a picture of the net assets and their availability for expenditure by the Authority.

Total Assets of the Authority decreased by \$800,710, this decrease was primarily due to decreases in cash and investments of \$134,854 and an increase in accumulated depreciation of \$621,295.

Total Liabilities for the year decreased by \$1,522,184. The most significant cause for the decrease was a decrease in the Maintenance, Repair and Overhaul Technology Center (MROTC) loan payable of \$1,276,884 and a decrease in deferred revenue of \$225,327. The combination of the decrease in total assets, the decrease in total liabilities and current year distributions of \$48,000 nets to an increase in total net assets of \$721,474.

Oklahoma Industries Authority

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues and Expenses reports the Authority's change in net assets during the fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. The change in net assets decreased \$184,308. This decrease was attributable to an increase in operating expenses of \$293,874, primarily from an increase in professional services of \$148,549.

Statement of Cash Flows

The final statements presented by the Authority are the Statements of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the Authority during the year. The statement is divided into four parts.

The first part deals with operating cash flows and shows the net cash used and provided by the operating activities of the Authority. The second section reflects cash flows from investing activities and shows the purchases, proceeds and interest received from investing activities. The third section reflects the cash flows from financing activities and shows the proceeds received and payments made for financing activities. The fourth section reconciles the net cash used and provided by operating activities to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Assets. Operating cash flows increased to \$1,271,100 due primarily to increased collections of revenues during fiscal 2012.

Economic Outlook

The Authority derives the majority of its operating revenues from MROTC revenue, grant revenue and interest income. Investment balances increased while earnings on investments decreased during the year and revenues from lease rentals and administrative fees increased. These trends are expected to continue in future years.



Catherine O'Connor, General Manger



Audit • Tax • Advisory

Grant Thornton LLP
211 N Robinson, Suite 1200N
Oklahoma City, OK 73102-7148

T 405.218.2800
F 405.218.2801
www.GrantThornton.com

Report of Independent Certified Public Accountants

Board of Trustees
Oklahoma Industries Authority, Oklahoma County

We have audited the accompanying statements of net assets of Oklahoma Industries Authority, Oklahoma County (the “Authority” an Oklahoma public trust) as of June 30, 2012 and 2011 and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oklahoma Industries Authority, Oklahoma County as of June 30, 2012 and 2011, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2012 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 agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i and ii be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. These limited procedures 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.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Combining Statements of Trust Funds and Changes in Trust Funds Administered and the Schedule of Bonds Payable – Trust Funds Administered on pages 14 and 17 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary 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 audits of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the 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 established by the American Institute of Certified Public Accountants. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Grant Thornton LLP

Oklahoma City, Oklahoma
December 13, 2012

Oklahoma Industries Authority, Oklahoma County

STATEMENTS OF NET ASSETS

June 30,

	2012	2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,883,238	\$ 2,776,918
Investments	3,929,025	4,170,199
Accrued interest receivable	72	94
Prepaid insurance	226	2,611
Due from other trusts	1,020	1,020
Accounts receivable	16,958	22,940
Total current assets	6,830,539	6,973,782
Appropriated assets:		
Cash and cash equivalents	699,187	738,693
Accrued interest receivable	17	25
	699,204	738,718
Property held for sale	401,263	401,263
Property, plant and equipment - at cost:		
Industrial property	2,835,486	2,835,486
Industrial equipment	57,936	57,936
Office equipment	41,961	38,619
Building MROTC	28,482,739	28,482,739
Land - MROTC	697,000	697,000
	32,115,122	32,111,780
Less accumulated depreciation	3,798,511	3,177,216
	28,316,611	28,934,564
Total assets	36,247,617	37,048,327
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	9,586	29,559
Total current liabilities	9,586	29,559
Noncurrent liabilities:		
Deferred revenue	2,533,469	2,758,796
MROTC loan payable	21,609,590	22,886,474
Total liabilities	24,152,645	25,674,829
Commitments and contingencies		
Net assets, unrestricted:		
Appropriated	1,221,648	1,260,268
Unappropriated	10,873,324	10,113,230
Total net assets	\$ 12,094,972	\$ 11,373,498

The accompanying notes are an integral part of these statements.

Oklahoma Industries Authority, Oklahoma County

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year ended June 30,

	2012	2011
Revenues:		
Lease rentals	\$ 203,500	\$ 120,799
Interest income	63,834	154,679
Administrative fees	73,088	71,471
Grant revenue	318,860	-
MROTC revenue	2,693,281	2,690,502
Other	-	32,023
Total operating revenues	3,352,563	3,069,474
Expenses:		
Depreciation	621,295	604,436
Insurance	9,624	9,273
Professional services	210,478	61,929
Advertising	2,100	-
Management and trustee fees	97,311	120,150
Office rental	6,138	7,200
Printing and office supplies	9,993	6,574
Interest	1,347,379	1,422,038
Grant	318,860	78,627
Repairs and maintenance - Unit Parts	3,042	21,715
Other	10,945	11,349
Total operating expenses	2,637,165	2,343,291
Net earnings from operations	715,398	726,183
Net gain on sale of properties	-	135,237
Realized and unrealized gain on investments	54,076	77,435
Distributions for the benefit of other government	(48,000)	(33,073)
	6,076	179,599
CHANGE IN NET ASSETS	721,474	905,782
Total net assets at beginning of year	11,373,498	10,467,716
Total net assets at end of year	\$ 12,094,972	\$ 11,373,498

The accompanying notes are an integral part of these statements.

Oklahoma Industries Authority, Oklahoma County

STATEMENTS OF CASH FLOWS

Year ended June 30,

	2012	2011
Increase in cash and cash equivalents		
Cash flows from operating activities:		
Lease rental payments received	\$ 155,465	\$ 30,796
Interest received	63,864	154,846
Administrative fees received	73,088	71,471
Other income received	3,012,141	2,722,525
Operating expenses paid	<u>(2,033,458)</u>	<u>(1,804,921)</u>
Net cash provided by operating activities	<u>1,271,100</u>	<u>1,174,717</u>
Cash flows from investing activities:		
Change in appropriated cash and temporary investments	39,506	24,137
Net sales of investments	295,250	1,074,372
Payments received on notes receivable	-	1,331,152
Purchases of property, plant and equipment	(3,342)	(765,018)
Proceeds on sale of property, plant and equipment	-	24,173
Change in deferred revenue	<u>(171,310)</u>	<u>220,000</u>
Net cash provided by investing activities	<u>160,104</u>	<u>1,908,816</u>
Cash flows from financing activities:		
Distributions and return of funds due to other trusts	(48,000)	(33,073)
MROTC loan payments	<u>(1,276,884)</u>	<u>(1,202,226)</u>
Net cash used in financing activities	<u>(1,324,884)</u>	<u>(1,235,299)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	106,320	1,848,234
Cash and cash equivalents at beginning of year	<u>2,776,918</u>	<u>928,684</u>
Cash and cash equivalents at end of year	<u>\$ 2,883,238</u>	<u>\$ 2,776,918</u>
Reconciliation of net earnings from operations to net cash provided by operating activities:		
Net earnings from operations	\$ 715,398	\$ 726,183
Adjustments to reconcile net earnings from operations to net cash provided by operating activities:		
Depreciation	621,295	604,436
Amortization of deferred revenue	(54,017)	(70,763)
(Increase) decrease in:		
Accounts and accrued interest receivable	6,004	(19,133)
Prepaid insurance	2,385	(1,414)
Accrued interest - appropriated assets	8	60
(Decrease) increase in:		
Accounts payable and accrued liabilities	<u>(19,973)</u>	<u>(64,652)</u>
Net cash provided by operating activities	<u>\$ 1,271,100</u>	<u>\$ 1,174,717</u>

The accompanying notes are an integral part of these statements.

Oklahoma Industries Authority, Oklahoma County

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES

The Oklahoma Industries Authority, Oklahoma County (the "Authority") is an Oklahoma public trust and an agency of the State of Oklahoma. It was created on December 15, 1966 to promote and encourage the general development of Oklahoma County under the provisions of Title 60, Oklahoma Statutes, and other applicable statutes and laws. Oklahoma County, Oklahoma (the "County") is the beneficiary of this trust and will receive all residual trust funds and assets upon termination of the trust.

The following is a summary of the more significant accounting policies consistently followed in the preparation of the Authority's financial statements.

1. Operations

The Authority arranges bond and loan financing through trustee banks to industrial, manufacturing, medical, civic, cultural and educational enterprises located principally in the County, for the purpose of constructing, purchasing, expanding or otherwise improving the facilities required by such enterprises.

2. Basis of Presentation

The Authority accounts for its operation as an enterprise fund. Enterprise funds are accounted for on the flow of economic resources measure focus and use the accrual basis of accounting, similar to private business enterprises. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred. In accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 20, the Authority applies all relevant GASB pronouncements as well as Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

3. Income Taxes

The Authority is exempt from federal income taxes under section 115 of the Internal Revenue Code; accordingly, no provision has been made for income taxes.

4. Property, Plant and Equipment

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives of five to 50 years, principally using the straight-line method. Costs incurred during construction of long lived assets are recorded as construction-in-progress and are not depreciated until placed in service. The Authority capitalizes interest as a component of capital assets constructed for its own use. In 2012 and 2011, total interest incurred was \$1,347,379 and \$1,422,038 respectively, of which \$0 was capitalized in each year.

5. Cash and Cash Equivalents

The Authority considers all highly liquid debt instruments purchased with a maturity of three months or less, money market mutual funds and deemed accounts to be cash equivalents. The Authority maintains its cash and cash equivalents in accounts, some of which are not federally insured. The Authority has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Oklahoma Industries Authority, Oklahoma County

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012 and 2011

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES - CONTINUED

6. Investments

Investments are stated at fair value, based upon quoted prices for governmental debt securities, with changes in fair value included in revenues, expenses and changes in fund equity.

The Authority's investments are categorized as to credit risk as either (1) insured or registered, or securities held by the Authority or its agent in the Authority's name, (2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name or (3) 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, 2012 and 2011, the Authority's investments are considered a type (2) credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

7. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes; accordingly, actual results could differ from those estimates.

8. Deferred Revenue

Grant revenues received for the MROTC project were deferred while construction of the facility was in progress. Revenue is recognized over the useful life of the facility. Grant revenues received for other projects will be deferred and revenue recognized on a systematic basis over the periods which they are intended to benefit. The Authority received grant revenues in 2011 and 2012 from the City of Oklahoma City for improving surrounding roads and access to the Tinker Air Force Base but deferred the revenue in 2011 and did not recognize the revenue in the Statement of Revenues, Expenses and Changes in Net Assets until the related expenses were incurred in 2012.

9. Accounting for Long-Lived Assets

The Authority reviews long-lived assets for impairment whenever indicators of impairment are present to determine if the carrying amounts exceed the estimated future net cash flows to be realized. Impairment losses are recognized based on the estimated fair value of the asset.

NOTE B - CONDUIT DEBT OBLIGATIONS AND OTHER LEASING ARRANGEMENTS

From time to time, the Authority has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on underlying mortgage loans or leasing arrangements. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Oklahoma Industries Authority, Oklahoma County

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012 and 2011

NOTE B - CONDUIT DEBT OBLIGATIONS AND OTHER LEASING ARRANGEMENTS - CONTINUED

As of June 30, 2012, there were 13 series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$171,953,561.

Certain of the Authority's lease arrangements contain an option for the lessees to acquire the leased property at the end of the lease terms at appraised fair value. Rental payments received in connection with such properties are accounted for by the "operating method" and investments in these properties, together with other unleased properties, are reported as industrial property and equipment in the financial statements.

The Authority entered into an agreement to lease a building for five years, beginning in March 2011, for \$16,958 per month. Future minimum lease payments to be received under this lease are as follows at June 30, 2012:

Fiscal year ending June 30

2013	\$203,500
2014	203,500
2015	203,500
2016	<u>152,625</u>
	<u>\$763,125</u>

NOTE C - APPROPRIATED ASSETS

Appropriated assets are held for the benefit of the County and, upon termination of the trust, the County will receive the funds. The earnings on these investments are contributed annually to an organization that benefits the County. Accordingly, such contributions (\$48,000 and \$33,073 for the years ended June 30, 2012 and 2011, respectively) have been reported as distributions.

Appropriated cash and cash equivalents consist of approximately \$699,000 and \$739,000 are invested in one money market fund at June 30, 2012 and 2011, respectively, which is not federally insured. The Authority has not experienced any issues in such accounts and believes it is not exposed to any significant credit risk.

NOTE D - PROPERTY HELD FOR SALE

Property held for sale consists of a parcel of real estate to be used for future expansion of Tinker Air Force Base and a parcel of land zoned for commercial use. The properties are recorded at their cost of \$401,263 as of June 30, 2012 and 2011, respectively (which reflects valuation at the lower of cost or net realizable value), in the accompanying statements of net assets.

NOTE E - COMMITMENTS AND CONTINGENCIES

The Authority is guarantor of the first \$700,000 of a \$1,750,000 third-party note agreement collateralized by certain facilities of the Oklahoma City Downtown Airpark (the "Project") and by personal guarantees of all investee's in the Project. Outstanding principal on this note was \$1,328,938 at June 30, 2001, of which the Authority was guarantor of \$278,938. During the year ended June 30, 2002, the holder of the note changed and the Authority has been unable to obtain the current note balance. Additionally, the Authority has requested to be relieved of the guaranty, which is currently under negotiations with the new holder.

Oklahoma Industries Authority, Oklahoma County

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012 and 2011

NOTE E - COMMITMENTS AND CONTINGENCIES - CONTINUED

From time to time, the Authority is engaged in lawsuits either as plaintiff or defendant which arise in the conduct of its business, which, in the opinion of management and based upon advice of counsel, would not have a material effect on the Authority's financial position or results of operations.

NOTE F - MROTC PROJECT

During 2005, the Authority entered into an agreement with Boeing Company (Boeing) and MROTC Development Partners LLC (MDP) to provide for the construction of a 156,254 square feet Maintenance, Repair and Overhaul Technology Center (MROTC) near Tinker Air Force Base for maintenance and repair of airplanes which was completed in 2009. The total project cost approximately \$28 million. Initial financing for the project was provided by a bank construction loan and two Federal EDI-Special Project Grants. Upon completion of the project in 2009, the construction loan was converted to a long-term note payable in the form of a lease-back mortgage. The loan bears interest at 6.04% and payments of \$218,689 are due monthly with \$438,869 due at maturity on October 14, 2023. The grant revenue received for this project was deferred and is being recognized over the useful life of the facility. Deferred revenue for the MROTC project was approximately \$2,485,000 and \$2,539,000 at June 30, 2012 and 2011, respectively.

Future minimum debt service requirements for the note payable are as follows at June 30, 2012:

Fiscal year ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,356,165	\$ 1,268,087	\$ 2,624,252
2014	1,440,383	1,183,869	2,624,252
2015	1,529,832	1,094,420	2,624,252
2016	1,624,835	999,417	2,624,252
2017	1,725,738	898,514	2,624,252
Thereafter	<u>13,932,637</u>	<u>2,907,864</u>	<u>16,840,501</u>
	<u>\$ 21,609,590</u>	<u>\$ 8,352,171</u>	<u>\$ 29,961,761</u>

The MROTC facility has been leased by MDP and is subleased to Boeing. The lease term began August 14, 2008 and ends on October 14, 2058. The amount of the lease includes an amount equal to the debt service plus an annual administrative fee.

Future minimum rental payments to be received under this lease are as follows at June 30, 2012:

Fiscal year ending June 30	<u>Amount</u>
2013	\$ 2,639,252
2014	2,639,252
2015	2,639,252
2016	2,639,252
2017	2,639,252
Thereafter	<u>17,905,575</u>
	<u>\$ 31,101,835</u>

Oklahoma Industries Authority, Oklahoma County

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012 and 2011

NOTE G - SUBSEQUENT EVENT

The Authority has evaluated events or transactions that occurred subsequent to June 30, 2012 through December 13, 2012, the date these financial statements were available to be issued, for potential recognition or disclosure in these financial statements.

SUPPLEMENTARY INFORMATION

OKLAHOMA INDUSTRIES AUTHORITY, OKLAHOMA COUNTY

COMBINING STATEMENTS OF TRUST FUNDS AND CHANGES IN TRUST FUNDS ADMINISTERED

June 30, 2012

	Total (memorandum only)	Amateur Softball Association 2002	American Cancer Society 2002	API Realty 2008	Casady School 1998	Casady School Project 2001
Assets						
Cash & temporary investments:						
Project fund	\$ 10,270,024	-	-	-	-	-
Sinking fund	2,594,752	-	6,000	-	-	-
Reserve fund	6,202,038	-	-	-	-	-
Accrued interest receivable	23	-	-	-	-	-
Discount on Bonds Payable	709,647	-	-	-	-	-
Unamortized bond issue costs	150,619	-	-	-	-	-
Total assets	19,927,103	-	6,000	-	-	-
Liabilities						
Accrued bond interest payable	1,943,756	-	1,524	-	719	-
Bonds payable	171,953,561	-	7,070,000	2,656,798	2,940,000	-
Total liabilities	173,897,317	-	7,071,524	2,656,798	2,940,719	-
NET OBLIGATIONS	153,970,214	-	7,065,524	2,656,798	2,940,719	-
Increase in net obligations						
Interest expense	6,223,984	2,125	17,341	159,296	8,710	2,117
Other	43,906	-	-	-	-	-
Distributions	18,561,861	-	-	-	-	-
Administrative and trustee fees	6,477	-	-	-	-	-
Total	24,836,228	2,125	17,341	159,296	8,710	2,117
Decrease in net obligations						
Other	400	-	-	-	-	-
Earnings on cash and temporary investments	11,779	-	-	-	-	-
Payments received from borrower	13,599,094	467,125	516,846	255,014	372,991	1,472,114
Total	13,611,273	467,125	516,846	255,014	372,991	1,472,114
NET INCREASE (DECREASE) IN NET OBLIGATIONS	11,224,955	(465,000)	(499,505)	(95,718)	(364,281)	(1,469,997)
Net obligations at beginning of year	142,745,259	465,000	7,565,029	2,752,516	3,305,000	1,469,997
Net obligations at end of year	\$ 153,970,214	\$ -	\$ 7,065,524	\$ 2,656,798	\$ 2,940,719	\$ -

OKLAHOMA INDUSTRIES AUTHORITY, OKLAHOMA COUNTY

COMBINING STATEMENTS OF TRUST FUNDS AND CHANGES IN TRUST FUNDS ADMINISTERED

June 30, 2012

	Metrotech 2009	OK County Courthouse Project-2001	OK County Courthouse Project-2011	OK County Facilities Project- 2003	OK County Juvenile Detention 1997	OK Medical Research Foundation 2008
Assets						
Cash & temporary investments:						
Project fund	\$ 445,427	\$ -	\$ 100,000	\$ -	\$ -	\$ 9,474,130
Sinking fund	3	-	-	-	-	2,114,625
Reserve fund	1,005,531	-	-	-	250,009	3,316,750
Accrued interest receivable	-	-	-	-	-	23
Discount on Bonds Payable	212,367	-	-	-	-	497,280
Unamortized bond issue costs	-	-	-	-	-	-
Total assets	1,663,328	-	100,000	-	250,009	15,402,808
Liabilities						
Accrued bond interest payable	243,377	-	11,125	408,127	2,738	1,157,637
Bonds payable	12,470,000	-	1,335,000	14,200,000	265,000	40,955,000
Total liabilities	12,713,377	-	1,346,125	14,608,127	267,738	42,112,637
NET OBLIGATIONS	11,050,049	-	1,246,125	14,608,127	17,729	26,709,829
Increase in net obligations						
Interest expense	491,804	103,012	15,100	768,167	21,596	2,251,750
Other	4,304	-	-	769	-	32,805
Distributions	238,687	-	1,745,000	-	-	2,328,174
Administrative and trustee fees	-	-	-	-	-	5,737
Total increase	734,795	103,012	1,760,100	768,936	21,596	4,618,466
Decrease in net obligations						
Other	-	-	-	-	-	-
Earnings on cash and temporary investments	460	-	-	41	-	7,254
Payments received from borrower	1,001,854	1,442,650	513,975	-	274,180	3,251,750
Total decrease	1,002,314	1,442,650	513,975	41	274,180	3,259,004
NET INCREASE (DECREASE) IN NET OBLIGATIONS	(267,519)	(1,339,638)	1,246,125	768,895	(252,584)	1,359,462
Net obligations at beginning of year	11,317,568	1,339,638	-	13,839,232	270,313	25,350,367
Net obligations at end of year	\$ 11,050,049	\$ -	\$ 1,246,125	\$ 14,608,127	\$ 17,729	\$ 26,709,829

OKLAHOMA INDUSTRIES AUTHORITY, OKLAHOMA COUNTY

COMBINING STATEMENTS OF TRUST FUNDS AND CHANGES IN TRUST FUNDS ADMINISTERED

June 30, 2012

	OK Medical Research Foundation 2010	Scott OK Plant- 2003	YMCA of OKC Earlywine 2006	Oklahoma City University 2010	OK County Facilities Project- 2012
Assets					
Cash & temporary investments:					
Project fund	\$ -	\$ -	\$ -	\$ -	\$ 250,467
Sinking fund	-	-	305,342	2	168,780
Reserve fund	1,218,515	-	411,233	-	-
Accrued interest receivable	-	-	-	-	-
Discount on Bonds Payable	-	-	-	-	-
Unamortized bond issue costs	-	-	150,619	-	-
Total assets	1,218,515	-	867,194	2	419,247
Liabilities					
Accrued bond interest payable	-	397	113,715	4,397	-
Bonds payable	12,185,000	1,260,000	4,460,000	57,906,763	14,250,000
Total liabilities	12,185,000	1,260,397	4,573,715	57,911,160	14,250,000
NET OBLIGATIONS	10,966,485	1,260,397	3,706,521	57,911,158	13,830,753
Increase in net obligations					
Interest expense	540,498	4,768	216,291	1,621,409	-
Other	-	-	10	6,018	-
Distributions	-	-	-	-	14,250,000
Administrative and trustee fees	740	-	-	-	-
	541,238	4,768	216,301	1,627,427	14,250,000
Decrease in net obligations					
Other	400	-	-	-	-
Earnings on cash and temporary investments	175	-	3,849	-	-
Payments received from borrower	540,498	109,758	406,291	2,554,801	419,247
	541,073	109,758	410,140	2,554,801	419,247
NET INCREASE (DECREASE) IN NET OBLIGATIONS	165	(104,990)	(193,839)	(927,374)	13,830,753
Net obligations at beginning of year	10,966,320	1,365,387	3,900,360	58,838,532	-
Net obligations at end of year	\$ 10,966,485	\$ 1,260,397	\$ 3,706,521	\$ 57,911,158	\$ 13,830,753

Oklahoma Industries Authority, Oklahoma County

SCHEDULE OF BONDS PAYABLE - TRUST FUNDS ADMINISTERED

June 30, 2012

Indentures	Interest rate	Principal maturity date	Principal amount of bond issued	Bonds retired prior to July 1, 2011	Balance June 30, 2011	2012 Bond activity		Balance June 30, 2012
						Retired	Deceased	
Amateur Softball Association 2002	Various	June 1, 2014	\$ 1,600,000	\$ 1,135,000	\$ 465,000	\$ -	\$ -	\$ -
American Cancer Society 2002	Various	June 1, 2022	11,000,000	3,430,000	7,570,000	500,000	-	7,070,000
Oklahoma County Courthouse Project 2011	Various	February 1, 2015	1,745,000	-	1,745,000	410,000	-	1,335,000
API Realty 2008	5.88%	September 1, 2028	3,000,000	247,484	2,752,516	95,718	-	2,656,798
Casady School 1998	Various	August 1, 2018	6,500,000	3,195,000	3,305,000	365,000	-	2,940,000
Casady School Project 2001	Various	August 1, 2019	3,000,000	1,530,000	1,470,000	1,470,000	-	-
Meterotech 2009	Various	January 1, 2030	13,430,000	455,000	12,975,000	505,000	-	12,470,000
Oklahoma County Courthouse Project 2001	4.3% to 5.125%	February 1, 2016	4,765,000	2,755,000	2,010,000	2,010,000	-	-
Oklahoma County Facilities Project 2003	Various	July 1, 2020	20,560,000	5,435,000	15,125,000	925,000	-	14,200,000
Oklahoma County Juvenile Detention Center 1997	4.7% to 5.7%	November 1, 2012	2,750,000	2,235,000	515,000	250,000	-	265,000
Oklahoma Medical Research Foundation 2008	Various	July 1, 2034	43,955,000	2,000,000	41,955,000	1,000,000	-	40,955,000
Oklahoma Medical Research Foundation 2010	4.38%	February 1, 2021	12,185,000	-	12,185,000	-	-	12,185,000
Scott Oklahoma Plant, LLC 2003	Various	October 1, 2023	2,100,000	735,000	1,365,000	105,000	-	1,260,000
YMCA Of Earlywine 2006	Various	July 1, 2027	5,395,000	745,000	4,650,000	190,000	-	4,460,000
Oklahoma City University 2010	Various	November 20, 2035	60,000,000	1,161,449	58,838,551	931,788	-	57,906,763
Oklahoma County Facilities Project 2012	4.6%	June 1, 2033	14,250,000	-	-	-	14,250,000	14,250,000
			\$ 206,235,000	\$ 25,058,933	\$ 166,926,067	\$ 9,222,506	\$ 14,250,000	\$ 171,953,561



Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters

Board of Trustees
Oklahoma Industries Authority, Oklahoma County

Audit • Tax • Advisory

Grant Thornton LLP
211 N Robinson, Suite 1200N
Oklahoma City, OK 73102-7148

T 405.218.2800
F 405.218.2801
www.GrantThornton.com

We have audited the basic financial statements of Oklahoma Industries Authority, Oklahoma County (the “Authority”) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control over financial reporting. Accordingly, we express no such opinion.

A deficiency in internal control over financial reporting 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 over financial reporting, 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.

Our consideration of internal control would not necessarily identify all deficiencies in internal control over financial reporting that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in the Authority’s internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that were not 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*.

This report is intended solely for the information and use of management, the Board of Trustees, the Oklahoma State Auditor and Inspector and Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Oklahoma City, Oklahoma
December 13, 2012