Financial Statements and Report of Independent Certified Public Accountants

Oklahoma Industries Authority, Oklahoma County

June 30, 2013 and 2012

Contents

Oklahoma Industries Authority, Oklahoma County

Management's Discussion and Analysis

Overview of Financial Statements and Financial Analysis

Oklahoma Industries Authority presents its financial statements for fiscal year 2013, with comparative data presented for fiscal year 2012. The emphasis of discussions concerning these statements will be for the current year. There are three financial statements presented: the Statements of Net Position; the Statements of Revenues, Expense and Changes in Net Position 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 Position presents the Assets, Liabilities, and Net Position as of the end of the fiscal year. The purpose of the Statements of Net Position 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 Position 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 Position provides a picture of the net position and their availability for expenditure by the Authority.

Total Assets of the Authority decreased by $331,661, this decrease was primarily due to a decrease in investments of $867,298 and an increase in accumulated depreciation of $617,952 offset by an increase in cash and cash equivalents of $970,853.

Total Liabilities for the year decreased by $1,198,218. The most significant cause for the decrease was a decrease in the Maintenance, Repair and Overhaul Technology Center (MROTC) loan payable of $1,356,181 and an increase in deferred revenue of $154,733. 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 position of $866,557.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues and Expenses reports the Authority's change in net position during the fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. The change in net position increased $145,083. This increase was attributable to a decrease in operating expenses of $417,409, primarily from a decrease in grant expenses of $265,113 offset by a decrease in operating revenues of $266,533, primarily from a decrease in grant revenue of $267,609.

Oklahoma Industries Authority, Oklahoma County

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 Position. Operating cash flows increased to $1,575,942 due primarily to a decrease in operating expenses during fiscal 2013.

Economic Outlook

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

Catherine O'Connor, General Manger

Grant Thornton

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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Report on the financial statements

We have audited the accompanying financial statements of Oklahoma Industries Authority, Oklahoma County (the "Authority", an Oklahoma public trust) as of and for the years ended June 30, 2013 and 2012, 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 audits. We conducted our audits 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 audits 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Oklahoma Industries Authority, Oklahoma County as of June 30, 2013 and 2012, and the respective changes in financial position and cash flows thereof for the years 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 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. 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.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Combining Statements of Trust Funds and Changes in Trust Funds Administered and the Schedule of Bonds Payable – Trust Funds Administered on pages 15 through 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 audit 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. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 23, 2013, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Grant Thornton LLP

Oklahoma City, Oklahoma
December 23, 2013

Oklahoma Industries Authority, Oklahoma County

STATEMENTS OF NET POSITION

June 30,

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,854,091	$ 2,883,238
Investments	3,061,727	3,929,025
Accrued interest receivable	32	72
Prepaid insurance	2,639	226
Due from other trusts	1,020	1,020
Accounts receivable	16,958	16,958
Total current assets	6,936,467	6,830,539
Appropriated assets:		
Cash and cash equivalents	879,560	699,187
Accrued interest receivable	7	17
	879,567	699,204
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	41,961
Building MROTC	28,482,739	28,482,739
Land - MROTC	697,000	697,000
	32,115,122	32,115,122
Less accumulated depreciation	4,416,463	3,798,511
	27,698,659	28,316,611
Total assets	35,915,956	36,247,617
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued liabilities	12,816	9,586
Current portion of MROTC loan payable	1,440,383	1,356,165
Total current liabilities	1,453,199	1,365,751
Noncurrent liabilities:		
Deferred revenue	2,688,202	2,533,469
MROTC loan payable	18,813,026	20,253,425
Total liabilities	22,954,427	24,152,645
Commitments and contingencies		
Net position, unrestricted:		
Appropriated	1,183,203	1,221,648
Unappropriated	11,778,326	10,873,324
Total net position	$ 12,961,529	$ 12,094,972

The accompanying notes are an integral part of these statements.

Oklahoma Industries Authority, Oklahoma County

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30,

	2013	2012
Revenues:		
Lease rentals	$ 203,500	$ 203,500
Administrative fees	74,050	73,088
Grant revenue	51,251	318,860
MROTC revenue	2,693,281	2,693,281
Other	114	-
Total operating revenues	3,022,196	3,288,729
Expenses:		
Depreciation	617,952	621,295
Insurance	5,979	9,624
Professional services	153,234	210,478
Advertising	-	2,100
Management and trustee fees	105,821	97,311
Office rental	8,243	6,138
Printing and office supplies	5,061	9,993
Interest	1,268,084	1,347,379
Grant	53,747	318,860
Repairs and maintenance - Unit Parts	428	3,042
Other	1,207	10,945
Total operating expenses	2,219,756	2,637,165
Net earnings from operations	802,440	651,564
Investment income	52,374	117,910
Gain on sale of assets	59,743	-
Distributions for the benefit of other government	(48,000)	(48,000)
	64,117	69,910
CHANGE IN NET POSITION	866,557	721,474
Total net position at beginning of year	12,094,972	11,373,498
Total net position at end of year	$ 12,961,529	$ 12,094,972

The accompanying notes are an integral part of these statements.

Oklahoma Industries Authority, Oklahoma County

STATEMENTS OF CASH FLOWS

Year ended June 30,

	2013	2012
Increase in cash and cash equivalents		
Cash flows from operating activities:		
Lease rental payments received	$ 203,500	$ 209,482
Administrative fees received	74,050	73,088
Grant and MROTC revenue received	2,899,379	2,786,814
Operating expenses paid	(1,600,987)	(2,033,458)
Net cash provided by operating activities	1,575,942	1,035,926
Cash flows from investing activities:		
Change in appropriated cash	(180,373)	39,506
Purchases of investments	(248,762)	(247,576)
Proceeds from sales of investments	1,166,946	542,826
Interest received on investments	61,281	63,864
Purchases of property, plant and equipment	-	(3,342)
Net cash provided by investing activities	799,092	395,278
Cash flows from financing activities:		
Distributions and return of funds due to other trusts	(48,000)	(48,000)
MROTC loan payments	(1,356,181)	(1,276,884)
Net cash used in financing activities	(1,404,181)	(1,324,884)
NET INCREASE IN CASH AND CASH EQUIVALENTS	970,853	106,320
Cash and cash equivalents at beginning of year	2,883,238	2,776,918
Cash and cash equivalents at end of year	$ 3,854,091	$ 2,883,238
Reconciliation of net earnings from operations to net cash provided by operating activities:		
Net earnings from operations	$ 802,440	$ 651,564
Adjustments to reconcile net earnings from operations to net cash provided by operating activities:		
Depreciation	617,952	621,295
Amortization of deferred revenue	(54,017)	(54,017)
(Increase) decrease in:		
Accounts receivable	-	5,982
Prepaid insurance	(2,413)	2,385
(Decrease) increase in:		
Accounts payable and accrued liabilities	3,230	(19,973)
Deferred revenue	208,750	(171,310)
Net cash provided by operating activities	$ 1,575,942	$ 1,035,926
NONCASH INVESTING TRANSACTIONS		
Change in fair value of investments	$ 50,886	$ 54,076

The accompanying notes are an integral part of these statements.

Oklahoma Industries Authority, Oklahoma County

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

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 2013 and 2012, total interest incurred was $1,268,084 and $1,347,379 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 fully insured by the Federal Depository Insurance Company ("FDIC"). 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.

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 investment income in the statement of revenues, expenses and changes in net position.

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 receives grant revenues from the City of Oklahoma City for improving surrounding roads and access to the Tinker Air Force Base. When the revenue is received, it is deferred and will not be recognized in the Statement of Revenues, Expenses and Changes in Net Position until the related grant expenses are incurred.

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. No long-lived asset impairments were recorded in 2013 or 2012.

10. Reclassifications

Certain balances in the 2012 financial statements have been reclassified to conform with the 2013 financial statement presentation. There was no change to net position or changes in net position as a result of these reclassifications.

NOTE B – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. At June 30, 2013 and 2012, the carrying amounts of the Authority's cash and cash equivalents held at one financial institution were $3,854,091 and $2,883,238, respectively, of which $250,000 is fully insured by the FDIC for both years.

At June 30, the Authority had the following investments:

	2013	2012
U.S. Government securities	$1,626,114	$2,200,403
U.S. Treasury strips	1,186,851	1,481,046
Certificates of deposit	248,762	247,576
	$3,061,727	$3,929,025

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, 2013 and 2012, 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.

NOTE C - 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.

As of June 30, 2013, there were 12 series of industrial revenue bonds outstanding, with an aggregate principal amount payable of $166,455,261.

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 as the lessor to lease a building for five years, beginning in March 2011, for $16,958 per month.

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

Future minimum lease payments to be received under this lease are as follows at June 30, 2013:

Fiscal year ending June 30

2014	$203,500
2015	203,500
2016	152,625
	$559,625

NOTE D - 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 for the years ended June 30, 2013 and 2012) have been reported as distributions.

Appropriated cash and cash equivalents consist of approximately $880,000 and $699,000 are invested in one money market fund at June 30, 2013 and 2012, 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 E - 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, 2013 and 2012, respectively (which reflects valuation at the lower of cost or net realizable value), in the accompanying statements of net position.

NOTE F - 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.

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 G - 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 foot 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 $2,431,000 and $2,485,000 at June 30, 2013 and 2012, respectively.

Future minimum debt service requirements for the note payable are as follows at June 30, 2013:

Fiscal year ending June 30	Principal	Interest	Total
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
2018	1,832,907	791,345	2,624,252
2019-2023	11,020,021	2,101,240	13,121,261
2024	1,079,693	15,277	1,094,970
	$ 20,253,409	$ 7,084,082	$ 27,337,491

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, 2013:

Fiscal year ending June 30	
2014	$ 2,639,252
2015	2,639,252
2016	2,639,252
2017	2,639,252
2018	2,639,252
Thereafter	15,266,321
	$ 28,462,581

NOTE H – LONG-TERM LIABILITIES

Long-term liability activity was as follows for the years ended June 30:

	Year ended June 30, 2013				
	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due within one year
Deferred revenue	$ 2,533,469	$ 260,000	$ (105,267)	$ 2,688,202	$ 54,017
MROTC loan payable	21,609,590	-	(1,356,181)	20,253,409	1,440,383
Total	$ 24,143,059	$ 260,000	$ (1,461,448)	$ 22,941,611	$ 1,494,400

	Year ended June 30, 2012				
	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due within one year
Deferred revenue	$ 2,758,796	$ 146,300	$ (371,627)	$ 2,533,469	$ 54,017
MROTC loan payable	22,886,474	-	(1,276,884)	21,609,590	1,356,165
Total	$ 25,645,270	$ 146,300	$ (1,648,511)	$ 24,143,059	$ 1,410,182

NOTE I - SUBSEQUENT EVENTS

The Authority has evaluated events or transactions that occurred subsequent to June 30, 2013 through December 23, 2013, 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, 2013

	Total (memorandum only)	American Cancer Society 2002	OK County Courthouse Project-2011	City of Edmond Project	Casady School 1998	OK County Facilities Project- 2012	Facilities Project- 2003	OK County Juvenile Detention 1997
Assets								
Cash & temporary investments:								
Project fund	$ 10,260,540	$ -	$ 39,000	$ -	$ -	$ 250,491	$ -	$ -
Sinking fund	2,580,229	6,000	-	-	-	164,542	-	-
Interest fund	-	-	-	-	-	-	-	-
Reserve fund	6,192,726	-	-	239,093	-	-	-	-
Accrued interest receivable	23	-	-	-	-	-	-	-
Discount on Bonds Payable	709,647	-	-	-	-	-	-	-
Unamortized bond issue costs	150,619	-	-	-	-	-	-	-
Total assets	19,893,784	6,000	39,000	239,093	-	415,033	-	-
Liabilities								
Accrued bond interest payable	2,176,441	-	7,500	16,086	-	-	408,127	-
Bonds payable	166,455,261	6,535,000	900,000	3,719,220	-	13,095,000	13,240,000	-
Total liabilities	168,631,702	6,535,000	907,500	3,735,306	-	13,095,000	13,648,127	-
NET OBLIGATIONS	148,737,918	6,529,000	868,500	3,496,213	-	12,679,967	13,648,127	-
Increase in net obligations								
Interest expense	6,713,154	13,139	23,075	99,501	4,303	427,115	732,740	5,477
Amortization expense	-	-	-	-	-	-	-	-
Other	2,400	-	-	-	-	-	-	-
Advances of bond proceeds	-	-	-	-	-	-	-	-
Distributions	4,070,525	-	61,000	3,719,220	-	-	-	250,009
Administrative and trustee fees	15,297	-	-	-	-	-	-	-
	10,801,376	13,139	84,075	3,818,721	4,303	427,115	732,740	255,486
Decrease in net obligations								
Defeased Bond	-	-	-	-	-	-	-	-
Funds transferred (from) OMRF Series 2001 to Series 2010	-	-	-	-	-	-	-	-
Other	94,282	-	-	-	-	-	-	-
Earnings on cash and temporary investments	6,520	-	-	-	-	-	-	-
Payments received from borrower	15,932,870	549,663	461,700	322,508	2,945,022	1,577,901	1,692,740	273,215
	16,033,672	549,663	461,700	322,508	2,945,022	1,577,901	1,692,740	273,215
NET INCREASE (DECREASE) IN NET OBLIGATIONS	(5,232,296)	(536,524)	(377,625)	3,496,213	(2,940,719)	(1,150,786)	(960,000)	(17,729)
Net obligations at beginning of year	153,970,214	7,065,524	1,246,125	-	2,940,719	13,830,753	14,608,127	17,729
Net obligations at end of year	$ 148,737,918	$ 6,529,000	$ 868,500	$ 3,496,213	$ -	$ 12,679,967	$ 13,648,127	$ -

OKLAHOMA INDUSTRIES AUTHORITY, OKLAHOMA COUNTY

COMBINING STATEMENTS OF TRUST FUNDS AND CHANGES IN TRUST FUNDS ADMINISTERED

June 30, 2013

	Scott OK Plant- 2003	YMCA of OKC Earlywine 2006	OK Medical Research Foundation 2008	OK Medical Research Foundation 2010	API Realty 2008	Metrotech 2009	Oklahoma City University 2010
Assets							
Cash & temporary investments:							
Project fund	$ -	$ -	$ 9,436,074	$ -	$ -	$ 534,975	$ -
Sinking fund	-	307,558	2,102,125	-	-	-	4
Interest fund	-	-	-	-	-	-	-
Reserve fund	-	412,839	3,316,750	1,218,513	-	1,005,531	-
Accrued interest receivable	-	-	23	-	-	-	-
Discount on Bonds Payable	-	-	497,280	-	-	212,367	-
Unamortized bond issue costs	-	150,619	-	-	-	-	-
Total assets	-	871,016	15,352,252	1,218,513	-	1,752,873	4
Liabilities							
Accrued bond interest payable	235	113,715	1,157,637	222,122	-	238,227	12,792
Bonds payable	1,155,000	4,265,000	39,955,000	12,185,000	2,555,297	11,955,000	56,895,744
Total liabilities	1,155,235	4,378,715	41,112,637	12,407,122	2,555,297	12,193,227	56,908,536
NET OBLIGATIONS	1,155,235	3,507,699	25,760,385	11,188,609	2,555,297	10,440,354	56,908,532
Increase in net obligations							
Interest expense	3,845	208,254	2,206,750	764,101	153,513	491,704	1,579,637
Amortization expense	-	-	-	-	-	-	-
Other	-	-	-	-	-	2,400	-
Advances of bond proceeds	-	-	-	-	-	-	-
Distributions	-	-	40,296	-	-	-	-
Administrative and trustee fees	-	-	12,704	2,593	-	-	-
	3,845	208,254	2,259,750	766,694	153,513	494,104	1,579,637
Decrease in net obligations							
Defeased Bond	-	-	-	-	-	-	-
Funds transferred (from) OMRF Series 2001 to Series 2010	-	-	-	-	-	-	-
Other	-	-	-	2,591	-	91,691	-
Earnings on cash and temporary investments	-	3,822	2,444	-	-	254	-
Payments received from borrower	109,007	403,254	3,206,750	541,979	255,014	1,011,854	2,582,263
	109,007	407,076	3,209,194	544,570	255,014	1,103,799	2,582,263
NET INCREASE (DECREASE) IN NET OBLIGATIONS	(105,162)	(198,822)	(949,444)	222,124	(101,501)	(609,695)	(1,002,626)
Net obligations at beginning of year	1,260,397	3,706,521	26,709,829	10,966,485	2,656,798	11,050,049	57,911,158
Net obligations at end of year	$ 1,155,235	$ 3,507,699	$ 25,760,385	$ 11,188,609	$ 2,555,297	$ 10,440,354	$ 56,908,532

Oklahoma Industries Authority, Oklahoma County

SCHEDULE OF BONDS PAYABLE - TRUST FUNDS ADMINISTERED

June 30, 2013

Indentures	Interest rate	Principal maturity date	Principal amount of bond issued	Bonds retired prior to July 1, 2012	Balance June 30, 2012	2013 Bond activity Retired	2013 Bond activity Defeased	2013 Bond activity Additions	Balance June 30, 2013
American Cancer Society 2002	Various	June 1, 2022	$ 11,000,000	$ 3,930,000	$ 7,070,000	$ 535,000	$ -	$ -	$ 6,535,000
Oklahoma County Courthouse Project 2011	Various	February 1, 2015	1,745,000	410,000	1,335,000	435,000	-	-	900,000
API Realty 2008	5.88%	September 1, 2028	3,000,000	343,202	2,656,798	101,501	-	-	2,555,297
Casady School 1998	Various	August 1, 2018	6,500,000	3,560,000	2,940,000	2,940,000	-	-	-
Meterotech 2009	Various	January 1, 2030	13,430,000	960,000	12,470,000	515,000	-	-	11,955,000
Oklahoma County Facilities Project 2003	Various	July 1, 2020	20,560,000	6,360,000	14,200,000	960,000	-	-	13,240,000
Oklahoma County Facilities Project 2012	4.6%	June 1, 2033	14,250,000	-	14,250,000	1,155,000	-	-	13,095,000
Oklahoma County Juvenile Detention Center 1997	4.7% to 5.7%	November 1, 2012	2,750,000	2,485,000	265,000	265,000	-	-	-
Oklahoma Medical Research Foundation 2008	Various	July 1, 2034	43,955,000	3,000,000	40,955,000	1,000,000	-	-	39,955,000
Oklahoma Medical Research Foundation 2010	4.38%	Februrary 1, 2021	12,185,000	-	12,185,000	-	-	-	12,185,000
Scott Oklahoma Plant, LLC 2003	Various	October 1, 2023	2,100,000	840,000	1,260,000	105,000	-	-	1,155,000
YMCA Of Earlywine 2006	Various	July 1, 2027	5,395,000	935,000	4,460,000	195,000	-	-	4,265,000
YMCA Of Edmond 2011	5.19%	September 17, 2023	3,719,220	-	3,719,220	-	-	-	3,719,220
Oklahoma City University 2010	Various	November 20, 2035	60,000,000	2,093,237	57,906,763	1,011,019	-	-	56,895,744
			$ 200,589,220	$ 24,916,439	$ 175,672,781	$ 9,217,520	$ -	$ -	$ 166,455,261

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Oklahoma Industries Authority, Oklahoma County

We have audited, 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, the financial statements of Oklahoma Industries Authority, Oklahoma County (the "Authority") as of and for the year ended June 30, 2013, 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 23, 2013.

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 design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 Authority's financial statements will not be prevented, or detected and corrected, on a timely basis.

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. Given these limitations, during our audit we did not identify any deficiencies in the Authority's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our consideration of internal control was also not designed to identify all deficiencies in internal control that might be significant deficiencies. 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as Item 2013-1 that we consider to be a significant deficiency in the Authority's internal control.

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 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.*

The Authority's response to findings

The Authority's response to our findings, which is described in the accompanying schedule of findings and responses, was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the Authority's response.

Intended purpose

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 report is not suitable for any other purpose.

Grant Thornton LLP

Oklahoma City, Oklahoma
December 23, 2013

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2013

Finding 2013-1

Criteria: An objective of an effective internal control system is to ensure accurate and reliable information through proper review and approval. An entity's internal control process should be designed to provide reasonable assurance concerning the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. 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 over financial reporting, such that there is a reasonable possibility a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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. We consider the following condition to be a significant deficiency in internal control over financial reporting.

Condition: Several tracts of land were originally sold to the railroad with a clause that should the railroad discontinue use, title would revert back to the Authority. During 2008, the Authority received title of the land but did not record these properties in the general ledger. At this time, an appraisal was obtained on one of the tracts of land, but not all of them. These properties were sold during 2013 and the entire amount of the proceeds was recorded as a gain on sale of assets. As a result, revenues in prior periods were understated and gain on the sale of assets in the current year was overstated. Additionally, absent having a current appraisal value, the Authority lacked an objective basis to determine if the sales price of the land was at fair market value.

Recommendation: We recommend that the Authority implement processes and controls to ensure that any non-cash assets received are recorded in the general ledger at fair market value and that all required documentation is maintained supporting the amounts recorded in the general ledger.

View of Responsible Official(s): Management agrees with the finding and has taken corrective action by hiring a chief financial officer to provide oversight to the financial reporting functions of the Authority.