Financial Statements and Report of Independent Certified Public Accountants

Oklahoma Industries Authority, Oklahoma County

June 30, 2016 and 2015

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 2016, with comparative data presented for fiscal year 2015. 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 Position

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 increased by $115,277, this increase was primarily due to an increase in total cash equivalents of $1,220,309, offset by a $479,108 decrease in investments, an increase in accumulated depreciation of $617,953, and the purchase of land of $14,710.

Total Liabilities for the year decreased by $1,820,320. The most significant cause for the decrease was a decrease in the Maintenance, Repair and Overhaul Technology Center (MROTC) loan payable of $1,624,852 and decreases in deferred revenue of $270,684. The combination of the increase in total assets and the decrease in total liabilities nets to an increase in total net position of $1,935,597.

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 $1,359,966. This increase was attributable to a $938,920 increase in other non-operating revenues, net of other non-operating expenses, from a decrease in grant expenses of $342,345, and an increase in operating revenues of $17,551.

Statement of Cash Flows

The final statement presented by the Authority is the Statement 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 five parts.

Oklahoma Industries Authority, Oklahoma County

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 and third sections reflect the cash flows from financing activities and shows the proceeds received and payments made for financing activities. The fourth section reflects cash flows from investing activities and shows the purchases, proceeds and interest received from investing activities. The fifth 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 by $744,567 due primarily to a reduction in expenses in fiscal 2016. Financing cash flows increased by $2,177,342 primarily due to the decreases of land purchase in the current year and the proceeds from sale of trackage. Investing cash flows decreased by $397,103 due primarily to the decrease in proceeds from sales of investments and a decrease in related investment earnings.

Economic Outlook

The Authority derives the majority of its operating revenues from MROTC revenue, grant revenue and lease rentals. MROTC revenue remains unchanged year-to-year and grant revenue will continue to fluctuate based on grant supported project activity. Investment balances and corresponding income decreased during fiscal year 2016 while earnings on investments remained flat. Revenues from lease rentals remained unchanged for the year and administrative fees decreased slightly. Investment balances are projected to increase over the next few years as rates increase. Other revenue 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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Board of Trustees
Oklahoma Industries Authority, Oklahoma County

Report on the financial statements

We have audited the accompanying financial statements of Oklahoma Industries Authority, Oklahoma County (the “Authority”, an Oklahoma Public Trust) which comprise the statements of net position at June 30, 2016 and 2015 and the related statements of revenues, expenses and changes in net position and cash flows, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements.

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 opinions.

Opinions

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, 2016 and 2015, and the 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 16 through 18 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.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 28, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 28, 2016

Oklahoma Industries Authority, Oklahoma County

STATEMENTS OF NET POSITION

June 30,

ASSETS	2016	2015
Current assets:		
Cash and cash equivalents	**$ 4,882,232**	$ 3,412,237
Investments	**605,730**	1,087,529
Accrued interest receivable	**920**	29
Prepaid insurance	**1,980**	8,602
Due from other trusts	**1,020**	1,020
Accounts receivable	**1**	16,958
Total current assets	**5,491,883**	4,526,375
Appropriated assets:		
Cash and cash equivalents	**46,939**	296,625
Accrued interest receivable	**9**	2
Investments	**1,042,431**	1,039,740
	1,089,379	1,336,367
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
Land – Boeing	**1,362,845**	1,348,135
Land	**401,263**	401,263
	33,879,230	33,864,520
Less accumulated depreciation	**6,270,322**	5,652,369
	27,608,908	28,212,151
Total assets	**34,190,170**	34,074,893
LIABILITIES AND NET POSTITION		
Current liabilities:		
Account payable and accrued liabilities	**99,766**	24,550
Current portion of MROTC loan payable	**1,725,738**	1,624,835
Current portion of deferred revenues	**54,017**	54,017
Total current liabilities	**1,879,521**	1,703,402
Non-current liabilities:		
Deferred revenue	**2,215,944**	2,486,628
MROTC loan payable	**13,932,571**	15,658,326
	18,028,036	19,848,356
Net position:		
Net investment in capital assets	**11,950,599**	10,928,990
Unrestricted:		
Appropriated	**1,263,781**	1,248,843
Unappropriated	**2,947,754**	2,048,704
Total net position	**$ 16,162,134**	$ 14,226,537

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,

	2016	2015
Revenues:		
Lease rentals	**$ 237,351**	$ 227,500
Administrative fees	**70,920**	71,969
Grant revenue	**216,666**	207,641
MROTC revenue	**2,693,281**	2,693,281
Other	**160**	436
Total operating revenues	**3,218,378**	3,200,827
Expenses:		
Depreciation	**617,953**	617,953
Insurance	**9,556**	8,979
Professional services	**272,777**	208,324
Management and trustee fees	**15,793**	25,982
Office rental	**2,025**	2,700
Printing and office supplies	**1,214**	466
Interest	**999,411**	1,094,415
Grant	**276,973**	619,318
Repairs and maintenance – Unit Parts	**-**	18,300
Other	**6,153**	2,596
Total operating expenses	**2,201,855**	2,599,033
Net earnings from operations	**1,016,523**	601,794
Investment income	**28,154**	21,837
Other non-operating revenues	**1,876,248**	-
Other non-operating expenses	**(937,328)**	-
Distributions for the benefit of other government	**(48,000)**	(48,000)
	919,074	(26,163)
CHANGE IN NET POSITION	**1,935,597**	575,631
Total net position at beginning of year	**14,226,537**	13,650,906
Total net position at end of year	**$ 16,162,134**	$ 14,226,537

The accompanying notes are an integral part of these statements.

Oklahoma Industries Authority, Oklahoma County

STATEMENTS OF CASH FLOWS

Year ended June 30,	2016	2015
Increase in cash and cash equivalents		
Cash flows from operating activities:		
Lease rental payment received	**$ 237,351**	$ 227,500
Administrative fees received	**70,920**	71,969
Grant, MROTC, and other revenue received	**2,656,380**	2,640,961
Operating expenses paid	**(1,502,064)**	(2,222,410)
Net cash provided by operating activities	**1,462,587**	718,020
Cash flow from noncapital financing activities:		
Distributions and return of funds due to other trusts	**(48,000)**	(48,000)
Net cash used in noncapital financing activities	**(48,000)**	(48,000)
Cash flows from capital and related financing activities:		
MROTC loan payments	**(1,624,852)**	(1,529,849)
Purchase of land	**(14,710)**	(1,348,135)
Net proceeds from sale of trackage	**938,920**	-
Net cash used in capital and related financing activities	**(700,642)**	(2,877,984)
Cash flows from investing activities:		
Change in appropriated cash	**249,686**	501,956
Purchase of investments	**-**	(1,431,824)
Earnings from investments	**433,178**	2,016,733
Interest received on investments	**73,186**	66,288
Net cash provided by investing activities	**756,050**	1,153,153
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,469,995**	(1,054,811)
Cash and cash equivalents at beginning of year	**3,412,237**	4,467,048
Cash and cash equivalents at end of year	**$ 4,882,232**	$ 3,412,237
Reconciliation of net earnings from operations to net cash provided by operating activities:		
Net earnings from operations	**$ 1,016,523**	$ 601,794
Adjustment to reconcile net earnings from operation to net cash provided by operating activities:		
Depreciation	**617,953**	617,953
Amortization of deferred revenue	**(54,017)**	(54,017)
(Increase) decrease in:		
Prepaid insurance	**6,622**	(5,621)
Accounts receivable	**16,957**	-
(Decrease) increase in:		
Accounts payable and accrued liabilities	**75,216**	(235,709)
Deferred revenue	**(216,667)**	(206,380)
Net cash provided by operating	**$ 1,462,587**	$ 718,020
NONCASH INVESTING TRANSACTIONS	**$ (45,930)**	$ (44,440)
Change in fair value of investments		

The accompanying notes are an integral part of these statements.

Oklahoma Industries Authority, Oklahoma County

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

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.

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. There was no construction-in-progress during 2016 and 2015.

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 Maintenance, Repair and Overhaul Technology Center (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 2016 or 2015.

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, 2016 and 2015, the carrying amounts of the Authority’s cash and cash equivalents held at one financial institution were $4,882,232 and $3,412,237, respectively.

At June 30, the Authority had the following investments:

	2016	2015
U.S. Government securities	$ 306,126	$ 489,530
U.S. Treasury strips	299,604	597,999
	$ 605,730	$1,087,529

NOTE B – CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

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, 2016 and 2015, 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, 2016, there were 9 series of industrial revenue bonds outstanding, with an aggregate principal amount payable of $139,499,275.

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. An amendment was created to extend the lease for a period of 5 years, commencing on December 20, 2015 increasing rent payments to $18,600 per month.

Future minimum lease payments to be received under these leases are as follows at June 30, 2016:

Fiscal year ending June 30	
2017	$ 223,200
2018	223,200
2019	223,200
2020	223,200
2021	111,600
	1,004,400

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.

Appropriated cash and cash equivalents consist of $46,939 and $296,625 that are invested in one money market fund at June 30, 2016 and 2015, respectively, which is not federally insured. Appropriated investments consist of certificates of deposits and U.S. government securities in the amounts of $1,042,431 and $1,039,740 at June 30, 2016 and 2015, respectively. The Authority has not experienced any issues in such accounts and believes it is not exposed to any significant credit risk.

NOTE E – FAIR VALUE MEASUREMENTS

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date; Level 2 inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly; Level 3 inputs are unobservable inputs for an asset or liability.

The Authority has the following recurring fair value measurements as of June 30, 2016 and 2015:

June 30, 2016	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Investments				
U.S. Government securities	$ -	$ 306,126	$ -	$ 306,126
U.S. Treasury strips	-	299,604	-	299,604
Total investments	-	605,730	-	605,730
Appropriated assets				
U.S. Government securities	-	291,068	-	291,068
Total Appropriated assets	$ -	$ 291,068	$ -	$ 291,068

June 30, 2015	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Investments				
U.S. Government securities	$ -	$ 489,530	$ -	$ 489,530
U.S. Treasury strips	-	597,999	-	597,999
Total investments	-	1,087,529	-	1,087,529
Appropriated assets				
U.S. Government securities	-	288,203	-	288,203
Total Appropriated assets	$ -	$ 288,203	$ -	$ 288,203

NOTE E – FAIR VALUE MEASUREMENTS - CONTINUED

U.S. Government securities and U.S. Treasury strips are valued on the basis of evaluated prices provided by independent pricing services when such processes are believed to reflect the fair market value of such securities and are classified within Level 2 of the fair value hierarchy.

NOTE F - COMMITMENTS AND CONTINGENCIES

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 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 $2,270,000 and $2,323,000 at June 30, 2016 and 2015, respectively.

Future minimum debt service requirements for the note payable are as follows at June 30, 2016:

Fiscal year ending June 30	Principal	Interest	Total
2017	$ 1,725,738	$ 898,514	$ 2,624,252
2018	1,832,907	791,345	2,624,252
2019	1,946,731	677,521	2,624,252
2020	2,067,624	556,628	2,624,252
2021	2,196,025	428,228	2,624,253
2022-2024	5,889,284	454,137	6,343,421
	$ 15,658,309	$ 3,806,373	$ 19,464,682

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.

NOTE G - MROTC PROJECT - CONTINUED

Future minimum rental payments to be received under this lease are as follows at June 30, 2016:

Fiscal year ending June 30	
2017	$ 2,639,252
2018	2,639,252
2019	2,639,252
2020	2,639,252
2021	2,639,252
Thereafter	7,348,564
	$ 20,544,824

NOTE H – LONG-TERM LIABILITIES

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

	Year ended June 30, 2016				
	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due within one year
Deferred revenue	$ 2,540,645	$ -	$ (270,684)	$ 2,269,961	$ 54,017
MROTC loan payable	17,283,161	-	(1,624,852)	15,658,309	1,725,738
Total	$ 19,823,806	$ -	$ (1,895,536)	$ 17,928,270	$ 1,779,755

	Year ended June 30, 2015				
	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due within one year
Deferred revenue	$ 2,801,042	$ -	$ (260,397)	$ 2,540,645	$ 54,017
MROTC loan payable	18,813,010	-	(1,529,849)	17,283,161	1,624,835
Total	$ 21,614,052	$ -	$ (1,790,246)	$ 19,823,806	$ 1,678,852

NOTE I - OTHER NON-OPERATING REVENUE AND EXPENSES

In February 2015, the Authority facilitated the acquisition of the Burlington Northern Santa Fe (BNSF) Railyard adjacent to Tinker Air Force base for the U.S. Department of the Air Force KC-46A Program site. The $44 million acquisition was funded by $23.5 million in General Obligation-Limited Tax bond funds provided by the Oklahoma City Economic Development Trust, $12.5 million in Oklahoma County general obligation bond funds and $8 million from the U.S. Air Force KC-46A Military Construction Appropriations.

As part of the transaction, the U.S. Department of the Air Force granted the Authority the right to salvage and sell approximately 91,000 feet of rail lines, tracks and rail ties (trackage) from the property. The agreement allowed the Authority access to the property to remove the trackage between April and August of 2015. The Authority issued a Request for Proposal in March 2015 and entered into a contract with PRC Environmental for the removal and sale of the trackage. The proceeds from the sale of the trackage totaled $1,876,248 and expenses were $937,328 resulting in net non-operating revenue of $938,920 for the year ended June 30, 2016.

NOTE J - RELATED PARTY TRANSACTIONS

In May 2015, the Authority entered into a real estate purchase contract with Oklahoma County, Oklahoma, a related party to purchase the land located at Southeast 59th Street and Air Depot Road in Oklahoma City, Oklahoma at a cost of $1,348,135. The Authority purchased the land with the intent to lease the property to Boeing for the purpose of expanding Boeing's operations. A lease agreement with Boeing was entered into on June 1, 2015 for a 15 year term and base rent of $1 per year with the option for Boeing to extend the lease or to purchase the property at the end of the lease term for a base price of $630,000 which increases by 2% each year during the lease term. In addition to the purchase option, the Authority will earn a development fee of $360,000 upon the completion of certain development obligations as defined in the agreement.

NOTE K - SUBSEQUENT EVENTS

The Authority has evaluated events or transactions that occurred subsequent to June 30, 2016 through December 28, 2016, 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, 2016

	Total (memorandum only)	American Cancer Society 2002	City of Edmond Project	OK County Facilities Project- 2012	YMCA of OKC Earlywine 2006	OK Medical Research Foundation 2008
Assets						
Cash & temporary investments:						
Project fund	$ 10,182,466	$ -	$ -	$ 250,577	$ -	$ 9,418,857
Sinking fund	130,792	6,000	-	124,654	-	-
Interest fund	-	-	-	-	-	-
Reserve fund	5,789,659	-	249,014	-	-	3,316,750
Accrued interest receivable	-	-	-	-	-	-
Discount on Bonds Payable	709,647	-	-	-	-	497,280
Unamortized bond issue costs	-	-	-	-	-	-
Total assets	16,812,564	6,000	249,014	375,231	-	13,232,887
Liabilities						
Accrued bond interest payable	1,608,725	-	12,917	-	-	1,157,637
Bonds payable	139,499,275	4,730,000	5,973,094	10,695,000	-	36,775,000
Total liabilities	141,108,000	4,730,000	5,986,011	10,695,000	-	37,932,637
NET OBLIGATIONS	124,295,436	4,724,000	5,736,997	10,319,769	-	24,699,750
Increase in net obligations						
Interest expense	5,546,984	7,778	320,657	401,210	93,254	2,058,175
Amortization expense	-	-	-	-	-	-
Other	2,366,303	-	-	-	-	2,192,372
Advances of bond proceeds	-	-	-	-		-
Distributions	3,972,746	-	-	-	3,972,746	-
Administrative and trustee fees	9,799	-	-	-	-	3,899
	11,895,832	7,778	320,657	401,210	4,066,000	4,254,446
Decrease in net obligations						
Defeased Bond	-	-	-	-	-	-
Transfer from YMCA Earlywine 2006	592	-	-	-	-	-
Earnings on cash and temporary investments	34,792	-	-	55	17	33,416
Payments received from borrower	14,128,394	647,778	536,646	986,253	3,935,105	3,165,660
	14,163,778	647,778	536,646	986,308	3,935,122	3,199,076
NET INCREASE (DECREASE) IN NET OBLIGATIONS	(2,267,946)	(640,000)	(215,989)	(585,098)	130,878	1,055,370
Net obligations at beginning of year	126,563,382	5,364,000	5,952,986	10,904,867	(130,878)	23,644,380
Net obligations at end of year	$ 124,295,436	$ 4,724,000	$ 5,736,997	$ 10,319,769	$ -	$ 24,699,750

OKLAHOMA INDUSTRIES AUTHORITY, OKLAHOMA COUNTY

COMBINING STATEMENTS OF TRUST FUNDS AND CHANGES IN TRUST FUNDS ADMINISTERED

June 30, 2016

	OK Medical Research Foundation 2010	API Realty 2008	Metrotech 2009	Oklahoma City University 2010	YMCA of OKC Series 2015
Assets					
Cash & temporary investments:					
Project fund	$ -	$ -	$ 513,032	$ -	$ -
Sinking fund	-	-	-	5	133
Interest fund	-	-	-	-	-
Reserve fund	1,218,364	-	1,005,531	-	-
Accrued interest receivable	-	-	-	-	-
Discount on Bonds Payable	-	-	212,367	-	-
Unamortized bond issue costs	-	-	-	-	-
Total assets	1,218,364	-	1,730,930	5	133
Liabilities					
Accrued bond interest payable	222,122	-	216,049	-	-
Bonds payable	12,185,000	2,200,468	10,335,000	53,410,713	3,195,000
Total liabilities	12,407,122	2,200,468	10,551,049	53,410,713	3,195,000
NET OBLIGATIONS	11,188,758	2,200,468	8,820,119	53,410,708	3,194,867
Increase in net obligations					
Interest expense	540,498	107,130	440,424	1,528,329	49,529
Amortization expense	-	-	-	-	-
Other	-	-	-	-	173,931
Advances of bond proceeds	-	-	-	-	-
Distributions	-	-	-	-	-
Administrative and trustee fees	2,000	-	2,400	-	1,500
	542,498	107,130	442,824	1,528,329	224,960
Decrease in net obligations					
Defeased Bond	-	-	-	-	-
Transfer from YMCA Earlywine 2006	-	-	-	-	592
Earnings on cash and temporary investments	-	-	1,289	-	15
Payments received from borrower	542,336	240,191	1,002,727	2,769,631	302,067
	542,336	240,191	1,004,016	2,769,631	302,674
NET INCREASE (DECREASE) IN NET OBLIGATIONS	162	(133,061)	(561,192)	(1,241,302)	(77,714)
Net obligations at beginning of year	11,188,596	2,333,529	9,381,311	54,652,010	3,272,581
Net obligations at end of year	$ 11,188,758	$ 2,200,468	$ 8,820,119	$ 53,410,708	$ 3,194,867

OKLAHOMA INDUSTRIES AUTHORITY, OKLAHOMA COUNTY

SCHEDULE OF BONDS PAYABLE - TRUST FUNDS ADMINISTERED

June 30, 2016

Indentures	Interest rate	Principal maturity date	Principal amount of bond issued	Bonds retired prior to July 1, 2015	Balance June 30, 2015	2016 Bond activity Issued	Retired	Defeased	Additions	Balance June 30, 2016
American Cancer Society 2002	Various	June 1, 2022	$ 11,000,000	$ 5,630,000	$ 5,370,000	$ -	$ 640,000	$ -	$ -	$ 4,730,000
API Realty 2008	4.88%	September 1, 2028	3,000,000	666,471	2,333,529	-	133,061	-	-	2,200,468
Meterotech 2009	Various	January 1, 2030	13,430,000	2,540,000	10,890,000	-	555,000	-	-	10,335,000
Oklahoma County Facilities Project 2012	4.6%	June 1, 2033	14,250,000	2,930,000	11,320,000	-	625,000	-	-	10,695,000
Oklahoma Medical Research Foundation 2008	5.75%	July 1, 2034	43,955,000	6,070,000	37,885,000	-	1,110,000	-	-	36,775,000
Oklahoma Medical Research Foundation 2010	4.38%	Februrary 1, 2021	12,185,000	-	12,185,000	-	-	-	-	12,185,000
YMCA Of Earlywine 2006	5.00%	July 1, 2027	5,395,000	1,550,000	3,845,000	-	3,845,000	-	-	-
YMCA Of Greater OKC Project 2015	2.75%	July 1, 2026	3,325,000	-	3,325,000	-	130,000	-	-	3,195,000
YMCA Of Edmond 2011	5.19%	September 17, 2023	6,500,000	321,282	6,178,718	-	205,624	-	-	5,973,094
Oklahoma City University 2010	Various	November 30, 2035	60,000,000	5,352,070	54,647,930	-	1,237,217	-	-	53,410,713
			$ 173,040,000	$ 25,059,823	$ 147,980,177	$ -	$ 8,480,902	$ -	$ -	$ 139,499,275

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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

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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") which comprise the statement of net positions as of June 30, 2016, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2016.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") to 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. 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 the Authority's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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*.

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 28, 2016