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JAN 10 2012

State Auditor & Inspector

Re: 20129

Oklahoma City Redevelopment Authority

Financial Statements

June 30, 2011 and 2010
(With Independent Auditors' Report Thereon)

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Oklahoma City Redevelopment Authority

We have audited the accompanying financial statements of the governmental activities and the major funds of the Oklahoma City Redevelopment Authority (the "Authority"), which is a component unit of the City of Oklahoma City, Oklahoma, financial reporting entity, as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. 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 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund for the Authority as of June 30, 2011 and 2010, and the respective changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States.

As more fully explained in Note 1 of the financial statements, the Authority adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) as of July 1, 2010. The adoption of GASB 54 required a change in fund balance presentation. GASB 54 was adopted retrospectively, which changed the presentation of the 2010 financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2011, 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 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.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements as a whole. The budget-to-actual comparisons (life-to-date) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying budget-to-actual comparisons (life-to-date) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Finley + Cook, PLLC

Shawnee, Oklahoma
November 28, 2011

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

STATEMENTS OF NET ASSETS

<i>June 30,</i>	<i>2011</i>	<i>2010</i>
	<u>Governmental Activities</u>	
Assets		
Current assets:		
Cash and cash equivalents, unrestricted	\$ 3,721,179	2,410,493
Restricted cash and cash equivalents	2,258,263	2,293,165
Investments, at fair value	3,675,000	2,790,000
Due from other governments	4,277	18,016
Due from PHF	47,965	-
Rent receivable	50,117	173,001
Interest receivable	21,404	-
Total current assets	<u>9,778,205</u>	<u>7,684,675</u>
Capital assets:		
Land	506,891	506,891
Building and parking garages, net	<u>19,502,583</u>	<u>20,429,696</u>
Total capital assets	<u>20,009,474</u>	<u>20,936,587</u>
Other noncurrent assets:		
Notes receivable	10,654,000	10,654,000
Other assets	<u>300,000</u>	<u>300,000</u>
Total other noncurrent assets	<u>10,954,000</u>	<u>10,954,000</u>
Total assets	<u>40,741,679</u>	<u>39,575,262</u>
Liabilities		
Current liabilities:		
Current portion of long-term debt	1,997,446	1,780,160
Due to PHF	9,703	9,703
Due to Urban Renewal	<u>4,573</u>	<u>1,756</u>
Total current liabilities	2,011,722	1,791,619
Long-term debt, less current maturities	<u>21,622,394</u>	<u>23,619,840</u>
Total liabilities	<u>23,634,116</u>	<u>25,411,459</u>
Net Assets		
Invested in capital assets, net of related debt	(820,621)	(1,463,413)
Restricted for debt service	2,258,263	2,293,165
Restricted for construction project	2,584	2,584
Restricted for Skirvin Hotel Project activities	3,119,898	2,140,018
Unrestricted	<u>12,547,439</u>	<u>11,191,449</u>
Total net assets	<u>\$ 17,107,563</u>	<u>14,163,803</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2011

	<u>Expenses</u>	<u>REVENUE</u>		<u>Net (Expense) Revenue</u>	
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>		<u>Operating Grants and Contributions</u>
Governmental activities:					
Economic development	\$ (1,025,827)	1,168,150	-	376,844	519,167
Interest expense	<u>(372,617)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(372,617)</u>
Total governmental activities	<u>\$ (1,398,444)</u>	<u>1,168,150</u>	<u>-</u>	<u>376,844</u>	<u>146,550</u>
General revenues:					
Apportioned TIF 1 ad valorem taxes					2,724,063
Investment income					26,527
Interest income paid on tax deposits held by the Oklahoma County Treasurer					80
Reimbursement from Public Works Department					<u>46,540</u>
Total general revenues					<u>2,797,210</u>
Change in net assets					2,943,760
Net assets, beginning of year					<u>14,163,803</u>
Net assets, end of year					<u>\$ 17,107,563</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

STATEMENTS OF ACTIVITIES, CONTINUED

Year Ended June 30, 2010

	<u>Expenses</u>	<u>REVENUE</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:					
Economic development	\$ (1,028,216)	586,731	-	376,844	(64,641)
Interest expense	<u>(378,010)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(378,010)</u>
Total governmental activities	<u>\$ (1,406,226)</u>	<u>586,731</u>	<u>-</u>	<u>376,844</u>	<u>(442,651)</u>
General revenues:					
Apportioned TIF 1 ad valorem taxes					2,456,944
Investment income					39,371
Interest income paid on tax deposits held by the Oklahoma County Treasurer					<u>666</u>
Total general revenues					<u>2,496,981</u>
Change in net assets					2,054,330
Net assets, beginning of year					<u>12,109,473</u>
Net assets, end of year					<u>\$ 14,163,803</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

BALANCE SHEETS—GOVERNMENTAL FUNDS

June 30, 2011

	<u>TIF 1</u>	<u>Skirvin Hotel Project</u>	<u>The Hill Project</u>	<u>Governmental Total</u>
Assets				
Cash and cash equivalents	\$ 657,101	3,061,494	2,584	3,721,179
Restricted cash and cash equivalents	2,258,263	-	-	2,258,263
Investments, at fair value	3,675,000	-	-	3,675,000
Rent receivable	-	37,000	-	37,000
Interest receivable	-	21,404	-	21,404
Due from PHF	47,965	-	-	47,965
Due from other governments	4,277	-	-	4,277
Other assets	300,000	-	-	300,000
	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Total assets	<u>\$ 6,942,606</u>	<u>3,119,898</u>	<u>2,584</u>	<u>10,065,088</u>
Liabilities and Fund Balances				
Due to PHF	\$ 9,703	-	-	9,703
Due to Urban Renewal	4,573	-	-	4,573
Total liabilities	<u>14,276</u>	<u>-</u>	<u>-</u>	<u>14,276</u>
Fund balances:				
Restricted for:				
Debt service	2,258,263	-	-	2,258,263
Construction project	-	-	2,584	2,584
Skirvin Hotel Project activities	-	3,119,898	-	3,119,898
Committed	4,670,067	-	-	4,670,067
Total fund balances	<u>6,928,330</u>	<u>3,119,898</u>	<u>2,584</u>	<u>10,050,812</u>
Total liabilities and fund balances	<u>\$ 6,942,606</u>	<u>3,119,898</u>	<u>2,584</u>	<u>10,065,088</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

BALANCE SHEETS—GOVERNMENTAL FUNDS, CONTINUED

June 30, 2010

	<u>TIF 1</u>	<u>Skirvin Hotel Project</u>	<u>The Hill Project</u>	<u>Governmental Total</u>
Assets				
Cash and cash equivalents	\$ 1,406,924	1,000,985	2,584	2,410,493
Restricted cash and cash equivalents	2,293,165	-	-	2,293,165
Investments, at fair value	1,810,000	980,000	-	2,790,000
Rent receivable	-	159,033	-	159,033
Due from other governments	18,016	-	-	18,016
Other assets	300,000	-	-	300,000
	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Total assets	<u>\$ 5,828,105</u>	<u>2,140,018</u>	<u>2,584</u>	<u>7,970,707</u>
Liabilities and Fund Balances				
Due to PHF	\$ 9,703	-	-	9,703
Due to Urban Renewal	1,756	-	-	1,756
Total liabilities	<u>11,459</u>	<u>-</u>	<u>-</u>	<u>11,459</u>
Fund balances:				
Restricted for:				
Debt service	2,293,165	-	-	2,293,165
Construction project	-	-	2,584	2,584
Skirvin Hotel Project activities	-	2,140,018	-	2,140,018
Committed	<u>3,523,481</u>	<u>-</u>	<u>-</u>	<u>3,523,481</u>
Total fund balances	<u>5,816,646</u>	<u>2,140,018</u>	<u>2,584</u>	<u>7,959,248</u>
Total liabilities and fund balances	<u>\$ 5,828,105</u>	<u>2,140,018</u>	<u>2,584</u>	<u>7,970,707</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

**RECONCILIATION OF BALANCE SHEETS—GOVERNMENTAL FUNDS TO
STATEMENTS OF NET ASSETS**

<i>June 30,</i>	<i>2011</i>	<i>2010</i>
Total fund balances	\$ 10,050,812	7,959,248
Amounts reported in the statements of net assets are different because:		
Capital assets, notes receivable, and certain other assets used in governmental activities are not current financial resources and therefore are not reported in the fund:		
Land	506,891	506,891
Building, net of accumulated depreciation of \$1,237,228 as of June 30, 2011	6,040,583	6,331,696
Parking garages, net of accumulated depreciation of \$2,438,000 as of June 30, 2011	13,462,000	14,098,000
Notes receivable	10,654,000	10,654,000
Rent receivable	13,117	13,968
Certain liabilities are not due and payable in the current period and therefore are not reported in the fund:		
Long-term debt	<u>(23,619,840)</u>	<u>(25,400,000)</u>
Net assets, per statements of net assets	<u>\$ 17,107,563</u>	<u>14,163,803</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS

Year Ended June 30, 2011

	TIF 1	Skirvin Hotel Project	The Hill Project	Total Governmental Funds
Revenues:				
Apportioned ad valorem taxes—TIF 1	\$ 2,724,063	-	-	2,724,063
Rental income	575,584	593,417	-	1,169,001
Interest income paid on tax deposits held by the Oklahoma County Treasurer	80	-	-	80
Interest income on loans	-	376,844	-	376,844
Reimbursement from Public Works Department	46,540	-	-	46,540
Investment income	16,743	9,784	-	26,527
Total revenues	3,363,010	980,045	-	4,343,055

Expenditures:

Category A:

Bio-medical and technological research and development
facilities and other public research park improvements:

General

Category B:

Parking facilities and other public improvements:

General

Category C:

Administration

7,314	-	-	7,314
227	-	-	227
77,260	-	-	77,260
			(Continued)

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS, CONTINUED

Year Ended June 30, 2011

	TIF 1	Skirvin Hotel Project	The Hill Project	Total Governmental Funds
Expenditures, continued:				
Advances to TIF 7—Category D, acquisition costs	13,729	-	-	13,729
Other expenditures	19	165	-	184
Debt service:				
Principal	1,780,160	-	-	1,780,160
Interest	372,617	-	-	372,617
Total expenditures	2,251,326	165	-	2,251,491
Excess of revenues over expenditures	1,111,684	979,880	-	2,091,564
Transfers and other financing sources (uses):				
Transfers—other	-	-	-	-
Total transfers and other financing sources (uses)	-	-	-	-
Net change in fund balances	1,111,684	979,880	-	2,091,564
Fund balances, beginning of year	5,816,646	2,140,018	2,584	7,959,248
Fund balances, end of year	\$ 6,928,330	3,119,898	2,584	10,050,812

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS, CONTINUED

Year Ended June 30, 2010

	<u>TIF 1</u>	<u>TIF 2</u>	<u>Skirvin Hotel Project</u>	<u>The Hill Project</u>	<u>Total Governmental Funds</u>
Revenues:					
Apportioned ad valorem taxes—TIF 1	\$ 2,456,944	-	-	-	2,456,944
Rental income	58,596	-	498,568	-	557,164
Interest income paid on tax deposits held by the Oklahoma County Treasurer	666	-	-	-	666
Interest income on loans	-	-	426,562	-	426,562
Investment income	23,189	-	16,182	-	39,371
Total revenues	<u>2,539,395</u>	<u>-</u>	<u>941,312</u>	<u>-</u>	<u>3,480,707</u>
Expenditures:					
Category A:					
Bio-medical and technological research and development facilities and other public research park improvements:					
General	4,953	-	-	-	4,953
Category C:					
Administration	71,437	-	-	-	71,437
Advances to TIF 7—Category D, acquisition costs	24,489	-	-	-	24,489
Other expenditures	-	-	195	30	225
Debt service:					
Interest	378,010	-	-	-	378,010
Total expenditures	<u>478,889</u>	<u>-</u>	<u>195</u>	<u>30</u>	<u>479,114</u>
Excess (deficiency) of revenues over expenditures	<u>2,060,506</u>	<u>-</u>	<u>941,117</u>	<u>(30)</u>	<u>3,001,593</u>

(Continued)

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS, CONTINUED

Year Ended June 30, 2010

	TIF 1	TIF 2	Skirvin Hotel Project	The Hill Project	Total Governmental Funds
Transfers and other financing sources (uses):					
Transfers—other	7,641	(7,641)	-	-	-
Total transfers and other financing sources (uses)	7,641	(7,641)	-	-	-
Net change in fund balances	2,068,147	(7,641)	941,117	(30)	3,001,593
Fund balances, beginning of year	3,748,499	7,641	1,198,901	2,614	4,957,655
Fund balances, end of year	\$ 5,816,646	-	2,140,018	2,584	7,959,248

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

**RECONCILIATION OF STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS TO
STATEMENTS OF ACTIVITIES**

<i>Years Ended June 30,</i>	<i>2011</i>	<i>2010</i>
Net change in fund balances—governmental funds	\$ 2,091,564	3,001,593
<p>Amounts reported for governmental activities in the statements of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures while government-wide activities report depreciation expense to allocate those expenditures over the lives of the assets:</p>		
Depreciation expense	(927,113)	(927,112)
<p>Certain income is not derived from current financial resources and therefore not reported as income in governmental funds:</p>		
Interest on note receivable	-	(49,718)
Rental income on parking garage	(851)	29,567
<p>Advances from debt agreements, principal repayments, and changes in certain other assets are not reflected as revenues and expenditures in the statements of activities:</p>		
Principal payments on debt agreements and notes payable	1,780,160	-
Changes in net assets, per statements of activities	\$ 2,943,760	2,054,330

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Oklahoma City Redevelopment Authority (the "Authority") was formed as a public trust on May 7, 1985. This Declaration of Trust named the City of Oklahoma City, Oklahoma, (the "City") as the beneficiary of the trust. The purposes of the Authority are set forth in the Declaration of Trust.

The Authority is governed by a Board of Trustees nominated by the Mayor and approved by the City Council of the City. For financial reporting purposes, the Authority is a component unit of the City.

Presently, the Authority has no employees, but utilizes the Oklahoma City Urban Renewal Authority ("Urban Renewal") to perform administrative activities.

The Authority has been designated as the entity to receive tax apportionment revenues for certain Tax Increment Financing Districts (TIF) of the City. The following TIFs are administered by the Authority:

TIF 1 and TIF 7	Oklahoma Health Center Economic Development—Total budget of \$68,000,000, plus interest and the cost of issuance of bonds to finance the project.
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The districts have defined project areas and tax increment areas.

Reporting Entity

The Authority's financial statements are included in the financial statements of the City. These financial statements include only the activities of the Authority and not those of Urban Renewal.

See Independent Auditors' Report.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation

The Authority complies with accounting principles generally accepted in the United States. Accounting principles generally accepted in the United States include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

Government-Wide Financial Statements

The statements of net assets and statements of activities display information about the Authority as a whole. The Authority's activities are all governmental in nature and generally are financed primarily through ad valorem taxes. The Authority has no business-type activities as defined by GASB 34. The statements of net assets reflect the following types of net assets:

- *Invested in capital assets, net of related debt*—Represents the net investment in capital assets less the debt associated with the capital assets.
- *Restricted*—Represents net assets which have been restricted by outside sources. The net assets have been restricted for debt service and construction projects.
- *Unrestricted*—Represents the remaining net assets.

Fund Financial Statements

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

For the financial statement presentation, the Authority presently has three special revenue funds:

- TIF 1
- Skirvin Hotel Project
- The Hill Project

See Independent Auditors' Report.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments, Continued

<u>Certificates of Deposit*</u>	<u>Maturity Date</u>	<u>2010</u>	
		<u>Cost</u>	<u>Fair Value</u>
Signature Bank, AR	7/2/2010	\$ 245,000	245,000
Cascade Bank	7/14/2010	245,000	245,000
Tidelands Bank, SC	9/21/2010	245,000	245,000
Standard Bank & Trust Company	9/24/2010	245,000	245,000
Heritage First Bank	9/24/2010	245,000	245,000
Flagstar Bank FSB	10/8/2010	245,000	245,000
United Comm Bank Blairsville	10/15/2010	245,000	245,000
Community South Bank	12/3/2010	95,000	95,000
Beal Bank of Nevada	3/23/2011	245,000	245,000
Beal Bank, Plano, TX	3/23/2011	245,000	245,000
Bank of America NA	3/24/2011	245,000	245,000
Orange Bank of Florida	4/8/2011	245,000	245,000
		<u>\$ 2,790,000</u>	<u>2,790,000</u>

* All the certificates of deposit are covered by FDIC insurance. The weighted average maturity for the certificates of deposit was 4.7 months at June 30, 2010.

While the Authority does not have a formal investment policy, its standard of operations is to only invest in short-term (maturity of less than 1.5 years) U.S. government or U.S. government agency securities, or short-term (maturity of less than 1.5 years) certificates of deposit.

See Independent Auditors' Report.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(3) DUE FROM OTHER GOVERNMENTS

Amounts due to the Authority from other governments at June 30 consisted of the following:

	<u>2011</u>	<u>2010</u>
TIF 1 funds held by the Oklahoma County Treasurer	\$ <u>4,277</u>	<u>18,016</u>

(4) NOTES RECEIVABLE

Balances of the notes receivable at June 30 were as follows:

	<u>2011</u>	<u>2010</u>
Skirvin Investment Fund, LLC	\$ 6,654,000	6,654,000
Skirvin Partners, LLC	<u>4,000,000</u>	<u>4,000,000</u>
	<u>\$ 10,654,000</u>	<u>10,654,000</u>

Skirvin Investment Fund, LLC (the "Fund")

The \$6,654,000 loan is secured with assets of the Fund and bore interest at the rate of 1% during the construction period of the Skirvin Hotel, with interest payable monthly. After completion of the Skirvin Hotel, the interest rate increased to 3.86%. The completion date for the Skirvin Hotel was February 26, 2007. The note matures December 31, 2012. As of June 30, 2011, there was \$21,404 interest receivable on the loan. As of June 30, 2010, there was no interest receivable on the loan. Interest income of approximately \$257,000 was recognized during each of the years ended June 30, 2011 and 2010, in the statements of activities.

Skirvin Partners, LLC

The Authority loaned Skirvin Partners, LLC, \$4,000,000. The loan is secured with the OCRA Subordinated Mortgage and bears interest at the rate of 3%, with interest payable monthly. The note matures December 31, 2012. Interest income of approximately \$120,000 was recognized during each of the years ended June 30, 2011 and 2010, in the statements of activities.

See Independent Auditors' Report.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) NOTES RECEIVABLE, CONTINUED

Summit Henderson at Arts Central, LLC

In addition to the notes receivable that are recorded on the financial statements, there is a note receivable with Summit Henderson at Arts Central, LLC (“Summit”) in the principal amount of \$1,900,000, without interest. The principal amount was paid to Summit upon completion of certain improvements which Summit promised to perform pursuant to a redevelopment agreement with the Authority. The principal amount of the promissory note is scheduled to be forgiven according to the loan forgiveness schedule presented below.

Schedule of Loan Forgiveness
(Commencement Date—March 1, 2006)

2008 (30 months after issuance of commencement date)	\$ 1,100,000
2009 (42 months after issuance of commencement date)	240,000
2010 (60 months after issuance of commencement date)	210,000
2011 (72 months after issuance of commencement date)	190,000
2012 (84 months after issuance of commencement date)	<u>160,000</u>
 Total loan forgiveness	 <u>\$ 1,900,000</u>

Because the Authority intends to forgive the note, and a large portion of the note has already been forgiven, it has not been recorded on the financial statements.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(5) CAPITAL ASSETS

Capital assets at June 30 consisted of the following:

	2011			Ending Balance
	Beginning Balance	Additions	Deletions	
Land	\$ 506,891	-	-	506,891
Building	7,277,811	-	-	7,277,811
Presbyterian Health Foundation (PHF):				
PHF parking garage 1	10,600,000	-	-	10,600,000
PHF parking garage 2	5,300,000	-	-	5,300,000
	<u>23,177,811</u>	<u>-</u>	<u>-</u>	<u>23,177,811</u>
Less: accumulated depreciation	<u>(2,748,115)</u>	<u>(927,113)</u>	<u>-</u>	<u>(3,675,228)</u>
Building and parking garages, net	<u>20,429,696</u>	<u>(927,113)</u>	<u>-</u>	<u>19,502,583</u>
Total capital assets, net	<u>\$ 20,936,587</u>	<u>(927,113)</u>	<u>-</u>	<u>20,009,474</u>

	2010			Ending Balance
	Beginning Balance	Additions	Deletions	
Land	\$ 506,891	-	-	506,891
Building	7,277,811	-	-	7,277,811
Presbyterian Health Foundation (PHF):				
PHF parking garage 1	10,600,000	-	-	10,600,000
PHF parking garage 2	5,300,000	-	-	5,300,000
	<u>23,177,811</u>	<u>-</u>	<u>-</u>	<u>23,177,811</u>
Less: accumulated depreciation	<u>(1,821,003)</u>	<u>(927,112)</u>	<u>-</u>	<u>(2,748,115)</u>
Building and parking garages, net	<u>21,356,808</u>	<u>(927,112)</u>	<u>-</u>	<u>20,429,696</u>
Total capital assets, net	<u>\$ 21,863,699</u>	<u>(927,112)</u>	<u>-</u>	<u>20,936,587</u>

See Independent Auditors' Report.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(5) CAPITAL ASSETS, CONTINUED

The building relates to the Cytovance project, of which the Authority funded a portion of the construction. The building was completed during the year ended June 30, 2007, and depreciation commenced at that time. The building is being depreciated over a 25-year life, using the straight-line method of depreciation. Depreciation expense was \$291,113 and 291,112 for the years ended June 30, 2011 and 2010, respectively.

While separated on the financial statements, there is in essence one parking garage, which was built in two phases. Since there are two separate lease agreements and two separate financing instruments, they are referred to as if there are two separate structures.

During the year ended June 30, 2008, the Authority acquired the parking garages in exchange for two promissory notes. The parking garages are being depreciated over a 25-year life, using the straight-line method of depreciation. Depreciation expense was \$636,000 for each of the years ended June 30, 2011 and 2010.

The parking garages are subject to long-term lease agreements with PHF. However, only the garage with a cost of \$5,300,000 will generate revenues. These revenues will be equal to the debt service requirements. PHF will pay all maintenance and operating costs of the garages. The note for the garage with a cost of \$10,600,000 will be repaid from TIF 1 monies.

During the year ended June 30, 2006, the City contributed the land and building of the Skirvin Hotel to the Authority. The government-wide financial statements accounted for the transaction as contributed capital assets, with an appraised value of \$130,000 for the land and \$1,131,000 for the building. The building was then sold for \$1,131,000, resulting in no gain or loss being recognized in the government-wide statements. The Authority has leased the land, as more fully described in Note 11.

During 2007, Urban Renewal contributed land to the Authority for the Cytovance project. The government-wide financial statements accounted for the transaction as contributed capital assets, with an appraised value of \$376,891.

(6) OTHER ASSETS

The balance of other assets as of June 30 consisted of:

	<u>2011</u>	<u>2010</u>
Deposit held by PHF	<u>\$ 300,000</u>	<u>300,000</u>

See Independent Auditors' Report.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) LONG-TERM DEBT

A summary of changes in long-term debt for 2011 and 2010 is as follows:

	2011				Ending Balance
	Beginning Balance	Advances	Payments	Refinancing	
Dean A. McGee Note A-1 Bio-Pharmaceutical Manufacturing Facility	\$ 3,000,000	-	(210,255)	-	2,789,745
Note A-2	6,500,000	-	(455,553)	-	6,044,447
PHF Note A-3	10,600,000	-	(742,901)	-	9,857,099
PHF Note B-1	5,300,000	-	(371,451)	-	4,928,549
	<u>\$ 25,400,000</u>	<u>-</u>	<u>(1,780,160)</u>	<u>-</u>	<u>23,619,840</u>
	2010				
	Beginning Balance	Advances	Payments	Refinancing	Ending Balance
Dean A. McGee Note A-1 Bio-Pharmaceutical Manufacturing Facility	\$ 3,000,000	-	-	-	3,000,000
Note A-2	6,500,000	-	-	-	6,500,000
PHF Note A-3	10,600,000	-	-	-	10,600,000
PHF Note B-1	5,300,000	-	-	-	5,300,000
	<u>\$ 25,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,400,000</u>

See Independent Auditors' Report.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) LONG-TERM DEBT, CONTINUED

Following is a description of long-term debt summarized in the above tables:

Dean A. McGee Note A-1

The Authority issued a \$3,000,000 parity tax apportionment revenue note on August 3, 2007 (Dean A. McGee Note A-1). The note matures on July 1, 2022, and interest on the note is calculated as either the LIBOR rate plus 1% or the Prime rate minus 1%, whichever is less, adjusted annually on July 1st of each year. From the issue date to July 1, 2010, only interest was due on the note; and, commencing on August 1, 2010, both interest and principal are due on the note. The amount of interest paid as of June 30, 2011 and 2010, was \$44,010 and \$44,647, respectively, and the interest rate as of June 30, 2011 and 2010, was 1.53% and 1.31%, respectively.

The note requires that a reserve fund is to be maintained. The reserve fund is calculated as equaling 25% of the annual debt service determined to be due by the next recalculation date, July 1st, of each year the note is outstanding. The amount of reserve fund required at June 30, 2011 and 2010, was \$67,411 and \$68,453, respectively. The note also requires that encumbered revenues are to be maintained. Encumbered revenues are the amount of funds necessary to service the debt obligation during a given year. The amount of encumbered funds required at June 30, 2011 and 2010, was \$269,643 and \$273,811, respectively.

TIF 1 Tax Apportionment Note (presently Note A-2)

As of June 30, 2004, the Authority issued a \$7,000,000 tax apportionment revenue note to a local bank (BancFirst). The revenue note bore interest at ½% below Prime and was interest only for the first year; interest was paid monthly commencing August 1, 2004. Principal payments were due in monthly installments. The note had a maturity date of July 1, 2011.

During the year ended June 30, 2005, the note was purchased from BancFirst by PHF.

Proceeds of the note were used for partial construction of the Cytovance project. Collateral for the revenue note consisted of the project to be constructed, a limited guarantee by PHF, a \$300,000 deposit reflected in other assets, the construction bank account for deposit of note proceeds and payment of construction costs, the pledge of TIF 1 revenues, and the assignment of future rents on the project.

In addition to the \$300,000 deposit made, throughout the term of the loan the Authority had to maintain and pledge to the lender an additional \$700,000 of legally effective and unencumbered TIF 1 funds to pay costs of the construction project.

See Independent Auditors' Report.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) LONG-TERM DEBT, CONTINUED

TIF 1 Tax Apportionment Note (presently Note A-2), Continued

The note was refinanced on August 31, 2007, as the Bio-Pharmaceutical Manufacturing Facility Note A-2. The amount refinanced, after advancing \$27,668 for closing costs, was \$6,500,000. The note bears interest at the lesser of Prime minus 1% or LIBOR plus 1% (1.53331% at June 30, 2011). The rate changes annually on July 1. The note matures July 1, 2022, and required interest only to be paid monthly until August 1, 2010, at which time interest and principal payments are to commence. For the years ended June 30, 2011 and 2010, \$95,355 and \$96,735, respectively, of interest was paid on the note.

The note requires that a reserve fund is to be maintained. The reserve fund is calculated as equaling 25% of the annual debt service determined to be due by the next recalculation date, July 1st, of each year the note is outstanding. The amount of reserve fund required at June 30, 2011 and 2010, was \$146,057 and \$148,314, respectively. The note also requires that encumbered revenues are to be maintained. Encumbered revenues are the amount of funds necessary to service the debt obligation during a given year. The amount of encumbered funds required at June 30, 2011 and 2010, was \$584,227 and \$593,257, respectively.

PHF Note A-3

The Authority issued a \$10,600,000 parity tax apportionment revenue note on August 31, 2007 (PHF Note A-3). The note matures on July 1, 2022, and interest on the note is calculated as either the LIBOR rate plus 1% or the Prime rate minus 1%, whichever is less, adjusted annually on July 1st of each year. From the issue date to July 1, 2010, only interest was due on the note; then, commencing on August 1, 2010, both interest and principal were due on the note. Payments are to be made on the 1st day of each month. The amount of interest paid as of June 30, 2011 and 2010, was \$155,501 and \$157,752, respectively, and the interest rate at June 30, 2011 and 2010, was 1.53% and 1.31%, respectively.

The note requires that a reserve fund is to be maintained. The reserve fund is calculated as equaling 25% of the annual debt service determined to be due by the next recalculation date, July 1st, of each year the note is outstanding. The amount of reserve fund required at June 30, 2011 and 2010, was \$238,185 and \$241,866, respectively. The note also requires that encumbered revenues are to be maintained. Encumbered revenues are the amount of funds necessary to service the debt obligation during a given year. The amount of encumbered funds required at June 30, 2011 and 2010, was \$952,740 and \$967,464, respectively.

See Independent Auditors' Report.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) LONG-TERM DEBT, CONTINUED

PHF Note B-1

The Authority issued a \$5,300,000 parity parking revenue note on August 31, 2007 (PHF Note B-1). The note matures on July 1, 2022, and interest on the note is calculated as either the LIBOR rate plus 1% or the Prime rate minus 1%, whichever is less, adjusted annually on July 1st of each year. From the issue date to July 1, 2010, only interest was due on the note; then, commencing on August 1, 2010, both interest and principal were due on the note. Payments are to be made on the 1st day of each month. The amount of interest paid as of June 30, 2011 and 2010, was \$77,751 and \$78,876, respectively, and the interest rate as of June 30, 2011 and 2010, was 1.53% and 1.31%, respectively.

There are no reserve funds or encumbered revenue requirement for the note. The note is collateralized by the revenues collected from operations of the garage.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) LONG-TERM DEBT, CONTINUED

Future principal and interest payments on the notes using rates in effect at July 1, 2011, are as follows:

Year Ended June 30	Dean A. McGee		Bio-Pharmaceutical Manufacturing Facility Note A-2		PHF Note A-3		PHF Note B-1	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 235,919	34,072	511,157	73,822	833,580	120,387	416,790	60,194
2013	239,192	30,452	518,249	65,979	845,144	107,596	422,572	53,798
2014	242,188	27,455	524,742	59,485	855,733	97,007	427,866	48,503
2015	245,223	24,420	531,316	52,911	866,454	86,286	433,227	43,143
2016	269,126	22,987	583,107	49,806	950,913	81,222	475,457	40,611
	<u>1,231,648</u>	<u>139,386</u>	<u>2,668,571</u>	<u>302,003</u>	<u>4,351,824</u>	<u>492,498</u>	<u>2,175,912</u>	<u>246,249</u>
2017-2021	1,268,095	57,652	2,747,539	124,912	4,480,602	203,703	2,240,300	101,851
2022-2023	<u>290,002</u>	<u>2,112</u>	<u>628,337</u>	<u>4,576</u>	<u>1,024,673</u>	<u>7,461</u>	<u>512,337</u>	<u>3,731</u>
	<u>\$ 2,789,745</u>	<u>199,150</u>	<u>6,044,447</u>	<u>431,491</u>	<u>9,857,099</u>	<u>703,662</u>	<u>4,928,549</u>	<u>351,831</u>

See Independent Auditors' Report.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) LONG-TERM DEBT, CONTINUED

The following is a summary of the notes as of June 30:

	<u>2011</u>	<u>2010</u>
Dean A. McGee Note A-1	\$ 2,789,745	3,000,000
Bio-Pharmaceutical Manufacturing Facility		
Note A-2	6,044,447	6,500,000
PHF Note A-3	9,857,099	10,600,000
PHF Note B-1	<u>4,928,549</u>	<u>5,300,000</u>
	23,619,840	25,400,000
Less current maturities	<u>(1,997,446)</u>	<u>(1,780,160)</u>
	21,622,394	23,619,840
Long-term debt, less current maturities	<u>\$ 21,622,394</u>	<u>23,619,840</u>

(8) NET ASSETS

The statement of net assets reflects the following types of net assets as of June 30, 2011:

- *Invested in capital assets, net of related debt*—Represents a deficit balance of \$(820,621), which is due to the capital assets being depreciated since acquisition and principal payments on the associated debt not commencing until August 2010. The debt associated with capital assets had a balance of \$20,830,095 and \$22,400,000 at June 30, 2011 and 2010, respectively.
- *Restricted*—Represents net assets which have been restricted by outside sources. The net assets restricted for debt service and construction projects were \$2,258,263 and \$2,584, respectively. The net assets restricted for the Skirvin Hotel Project was \$3,119,898.
- *Unrestricted*—Represents a balance of \$12,547,439. During 2011 and 2010, general TIF net assets were reflected as a part of unrestricted net assets.

See Independent Auditors' Report.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(9) REVENUE

Revenue is generated through apportionment of ad valorem tax increments collected within TIF 1. The increment of ad valorem taxes, as defined by the Oklahoma Local Development Act, in excess of ad valorem taxes generated by the base assessed value of the increment district may be apportioned and used to pay project costs authorized by the project plan. The taxes are collected and distributed by the Oklahoma County Treasurer. Monies not distributed to the Authority are maintained for the benefit of the Authority by the Oklahoma County Treasurer. Interest income is paid by the Oklahoma County Treasurer on monies collected and held for apportionment and distribution.

A summary of the taxes recognized in fiscal year 2011 and 2010, presented by tax year, is as follows:

<u>Tax Year</u>	<u>Recognized in 2011</u>	
	<u>TIF</u>	<u>Tax</u>
2008	1	\$ 141,889
2009	1	45,040
2010	1	<u>2,537,134</u>
		<u>\$ 2,724,063</u>

<u>Tax Year</u>	<u>Recognized in 2010</u>	
	<u>TIF</u>	<u>Tax</u>
2006	1	\$ 71
2007	1	202
2008	1	44,930
2009	1	<u>2,411,741</u>
		<u>\$ 2,456,944</u>

A summary of interest income paid on tax deposits held by the Oklahoma County Treasurer to the Authority for the years ended June 30 is as follows:

	<u>2011</u>	<u>2010</u>
TIF 1	<u>\$ 80</u>	<u>666</u>

See Independent Auditors' Report.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(10) PROJECT COSTS

TIF 1 project costs incurred by the Authority are classified into three basic categories. The categories defined by the project plan, as amended May 16, 2001, November 30, 2002, and August 1, 2006, are as follows:

- Category A: The cost of planning, financing, assistance in developing financing, acquiring, and constructing bio-medical, bio-pharmaceutical, and technological research and development facilities, complementary commercial facilities, and other public research park improvements by the Authority, a public trust.
- Category B: The cost of planning, financing, assistance in developing financing, acquiring, constructing, and developing parking facilities, complementary commercial facilities, and related public improvements by the Authority, a public trust.
- Category C: The cost of implementing and administering the project plan incurred or to be incurred by the City and Urban Renewal, including, but not limited to, payment and/or reimbursement of costs advanced in connection with the preparation and approval of the project and project plan, administrative costs, organizational costs, professional service costs, and financing costs and fees.

The August 1, 2006, plan amendment added TIF 7 to the project plan. TIF 7 project cost categories follow the definitions above, with the addition of Category D, defined as follows:

- Category D: The costs of implementing the economic development and redevelopment activities of Urban Renewal, in accordance with the Harrison-Walnut Urban Renewal Plan, and this project plan, including assistance in development financing and the negotiation, preparation, execution, and implementation of development and redevelopment agreements, including agreements for financing, property acquisition, construction of public improvements, and land disposition.

During the years ended June 30, 2011 and 2010, TIF 1 paid \$13,729 and \$24,489, respectively, of TIF 7 Category D costs. The project plan allows TIF 1 to advance funds for TIF 7 expenditures, and TIF 7 to reimburse those amounts when funding is received.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(11) LEASE AGREEMENT

The Authority has leased the land beneath the Skirvin Hotel to Skirvin Partners, LLC, under a 99-year lease agreement. Payments under the lease are to be calculated at 1% of the Rent Capitalization Value of the Skirvin Hotel and the land, calculated annually by capitalizing the net operating income using a rate of 8.5%. Skirvin Partners, LLC, has the option to purchase the land at the end of the lease.

All rents collected under the lease agreement are to be used to repay Urban Renewal for funds loaned to the Authority, not to exceed \$1,500,000. Of the \$1,500,000, the Authority drew down \$651,731. The \$651,731 was repaid during the year ended June 30, 2009. The balance will be retained by the Authority pending authorization and direction for the use of the revenue by the City Council of the City or its designee.

Rent revenues recognized under the lease agreement were approximately \$593,000 and \$513,000 for the years ended June 30, 2011 and 2010, respectively.

(12) RELATED-PARTY TRANSACTIONS

Urban Renewal

During the years ended June 30, 2011 and 2010, the Authority paid approximately \$20,000 and \$36,000, respectively, of TIF 1 funds to Urban Renewal for project costs. A summary of the amounts paid is as follows:

	<u>2011</u>	<u>2010</u>
Project costs:		
Administrative expenses	\$ <u>20,000</u>	<u>36,000</u>

See Independent Auditors' Report.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Oklahoma City Redevelopment Authority

We have audited the accompanying financial statements of the governmental activities and the major funds of the Oklahoma City Redevelopment Authority (the "Authority"), which is a component unit of the City of Oklahoma City, Oklahoma, financial reporting entity, as of and for the year ended June 30, 2011, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 28, 2011. Our report includes an explanatory paragraph noting that the management's discussion and analysis was not presented. In addition, our report includes an explanatory paragraph noting the Authority's adoption of GASB 54 as of July 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 our opinions 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 do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

(Continued)

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS, CONTINUED**

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*.

We noted certain other matters that we reported to management of the Authority in a separate letter dated November 28, 2011.

This report is intended solely for the information and use of the Board of Trustees, the Executive Director, management of the Authority, the City of Oklahoma City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Finley & Cook, PLLC

Shawnee, Oklahoma
November 28, 2011

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

BUDGET-TO-ACTUAL EXPENDITURE COMPARISON (PROJECT LIFE-TO-DATE)

June 30, 2011

<u>TIF 1</u>	<u>Category A</u>	<u>Category B</u>	<u>Category C</u>	
Total budget	\$ 22,000,000	23,000,000	2,000,000	
Expenditures ⁽¹⁾	(2,433,421)	(3,914,286) ⁽²⁾	(1,337,092)	
Other financing sources:				
Reimbursement from				
Dean A. McGee	-	3,000,000 ⁽²⁾	-	
Future loan repayments:				
PHF Note A-3	-	(10,600,000) ⁽³⁾	-	
Dean A. McGee Note A-1	-	(3,000,000) ⁽³⁾	-	
Cytovance loan	<u>(7,027,668) ⁽³⁾</u>	<u>-</u>	<u>-</u>	
Budget amount remaining	<u>\$ 12,538,911</u>	<u>8,485,714</u>	<u>662,908</u>	
<u>TIF 7</u>	<u>Category A</u>	<u>Category B</u>	<u>Category C</u>	<u>Category D</u>
Total budget	\$ 4,000,000	5,000,000	1,000,000	11,000,000
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Budget amount remaining	<u>\$ 4,000,000</u>	<u>5,000,000</u>	<u>1,000,000</u>	<u>11,000,000</u>

In addition, interest and costs of issuance of bonds to finance the authorized project activities are authorized but not budgeted. The schedule above only reflects budgeted TIF categories.

⁽¹⁾ Does not include interest, debt repayments, or loan/bond issuance costs.

⁽²⁾ Included in expenditures is a \$3,000,000 expenditure to Dean A. McGee which was not paid with TIF monies.

⁽³⁾ TIF dollars have been committed to repay the debt, as such the original debt amount has been reduced from the budget.

See Independent Auditors' Report.

See accompanying notes to budget-to-actual expenditure comparison (project life-to-date).

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

**NOTES TO BUDGET-TO-ACTUAL EXPENDITURE COMPARISON
(PROJECT LIFE-TO-DATE)**

June 30, 2011

(1) BASIS OF PREPARATION

The budget-to-actual comparisons have been prepared on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available and expenditures are recorded when the liability is incurred.

(2) OTHER REVENUES

Other revenues (cumulative) as of June 30, 2011, consisted of the following:

Investment income	\$	506,493
Rental income		1,246,774
Interest income received on tax deposits held by the Oklahoma County Treasurer		228,519
Reimbursement from Public Works Department		<u>46,540</u>
	\$	<u>2,028,326</u>

(3) EXPENDITURES

TIF 1

All TIF 1 project costs incurred by the Authority are classified into three basic categories. The categories are as follows:

- Category A: The cost of planning, financing, assistance in developing financing, acquiring, and constructing bio-medical, bio-pharmaceutical, and technological research and development facilities, complementary commercial facilities, and other public research park improvements by the Authority, a public trust.
- Category B: The cost of planning, financing, assistance in developing financing, acquiring, constructing, and developing parking facilities, complementary commercial facilities, and related public improvements by the Authority, a public trust.
- Category C: The cost of implementing and administering the project plan incurred or to be incurred by the City and Urban Renewal, including, but not limited to, payment and/or reimbursement of costs advanced in connection with the preparation and approval of the project and project plan, administrative costs, organizational costs, professional service costs, and financing costs and fees.

See Independent Auditors' Report.

OKLAHOMA CITY REDEVELOPMENT AUTHORITY

**NOTES TO BUDGET-TO-ACTUAL EXPENDITURE COMPARISON
(PROJECT LIFE-TO-DATE), CONTINUED**

(3) EXPENDITURES, CONTINUED

TIF 1, Continued

Cytovance project expenditures are costs related to the construction of the Cytovance project that were funded through drawdowns on the note payable with PHF.

Interest expense and financing costs shown under the unbudgeted category were included in the estimated budget; however, no budget amount was established for these categories. They can be paid from TIF 1 monies.

TIF 7

TIF 7 project cost categories follow the TIF 1 definition above, with the addition of Category D, defined as follows:

Category D: The costs of implementing the economic development and redevelopment activities of Urban Renewal, in accordance with the Harrison-Walnut Urban Renewal Plan, and this project plan, including assistance in development financing and the negotiation, preparation, execution, and implementation of development and redevelopment agreements, including agreements for financing, property acquisition, construction of public improvements, and land disposition.