OUR FUTURE IS BRIGHT

Oklahoma City Public Property Authority

A blended component unit of the City of Oklahoma City, Oklahoma

Annual Financial Report | for the Fiscal Year ended June 30, 2013

THE OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

A Blended Component Unit of
Oklahoma City, Oklahoma

Annual Financial Report for the Fiscal Year Ended June 30, 2013

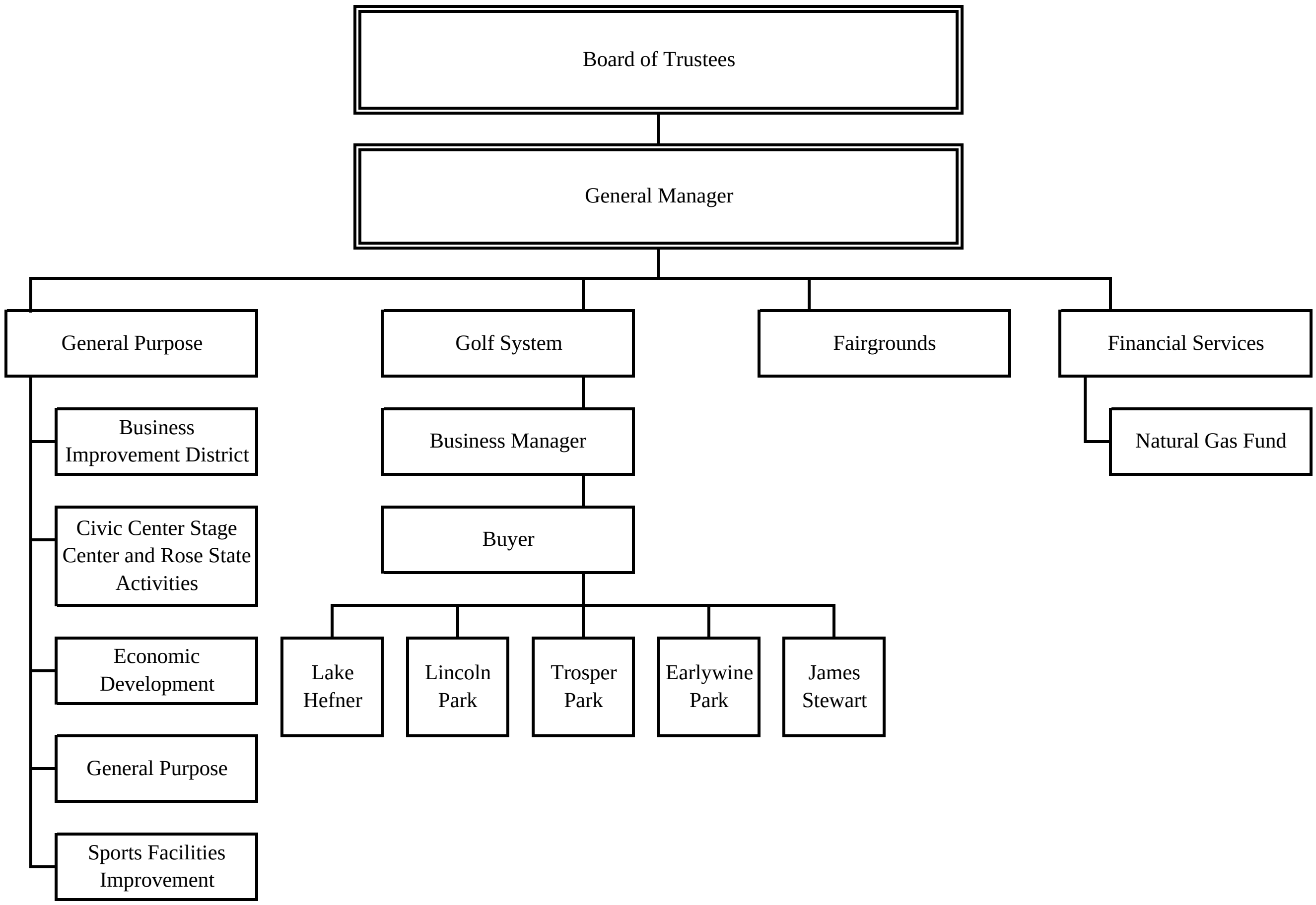
Prepared by The Oklahoma City Finance Department, Accounting Services Division
Glen D. Earley, Controller

THE OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

TABLE OF CONTENTS

For the Fiscal Year Ended June 30, 2013

Oklahoma City Public Property Authority
Organization Chart



Introductory Section

The City of
OKLAHOMA CITY
DEPARTMENT OF FINANCE

December 6, 2013

The Oklahoma City Public Property Authority (Authority) annual financial report (annual report) provides a comprehensive overview of the Authority's financial position and the results of operations during the past fiscal year. It complies with reporting requirements specified by Oklahoma State Statutes and the dictates of effective financial management practices. The Oklahoma City Finance Department, Accounting Services Division, prepared this report in compliance with accounting principles generally accepted in the United States of America (U.S. GAAP). It is fairly stated in all material respects. Responsibility for the accuracy of the reported information and the completeness and fairness of the presentation, including disclosures, rests with the Authority.

The Authority's annual report includes the independent auditor's reports, management's discussion and analysis (MD&A), Authority-wide, fund, and combining financial statements, related notes, and required supplementary information. Management's narrative on the financial activities of the Authority for the fiscal year ended June 30, 2013, is in the MD&A section of this report, immediately following the independent auditor's report on financial statements and supplementary information. The Authority's reporting entity is comprised of financial and operating activities conducted within the legal framework of the Authority. Only funds within that framework are included. The Authority is a blended component unit of the City of Oklahoma City (City) and, as such, is included within the funds of the City's Comprehensive Annual Financial Report (CAFR).

The Authority, a public trust, was created and exists by trust indenture dated August 15, 1961, pursuant to the provision of Title 60, Section 176 to 180 of the Oklahoma Statutes 1951, and the Oklahoma Trust Act. The property is held and administered by the Authority for the use and benefit of the City under the terms of the trust indenture. The City's Mayor and Council serve as the Authority's Trustees and the City Manager is the General Manager.

Services and activities of the Authority provided on behalf of the City include financing and operation of five municipal golf courses, the Oklahoma City Fairgrounds, Cox Convention Center, Chesapeake Engery Arena, Civic Center Music Hall, and other City buildings. The Authority uses City hotel/motel tax collections to fund debt service on bonds issued for fairgrounds improvements.

In January 1966, the Golf Commission was created by the Authority to establish plans and recommend policies for the operation, maintenance, and construction of the golf courses and related facilities and activities.

The Authority uses fees collected by the City to provide improvements and special services for property owners in City business improvement districts. Property owners are assessed to fund these services. There are currently four business improvement districts in the City including Downtown, Stockyards, Western Avenue, and Capitol Hill.

The Authority awarded several construction contracts during the fiscal year for the fairgrounds. Projects include: security fencing around the property, directional signage for traffic flow, feed/bedding storage relocation for livestock barns and maintenance/vehicle storage facility relocation. There were also improvements in many areas including entrance gateways, parking lot surfaces, storm drainage, Americans with Disabilities Act (ADA) compliant trams, and ADA sidewalks. Additionally during the fiscal year, structural repairs to the Norick Arena and the demolition of grandstands were under construction.

That Authority awarded the construction contract for the Lincoln Park Golf Course renovation. The project includes the demolition and the removal of the existing structure, parking lot construction and resurfacing and the construction of a new clubhouse with golf shop, restaurant, event hall and conference rooms.

100 North Walker • Oklahoma City, OK 73102 • 405/297-2506

On July 11, 2012 the Series 2012 Golf System Revenue Bonds were issued for $7,565,000 and the proceeds will be used to improve the City of Oklahoma City's municipally owned Lincoln Park Golf Course. The Series 2012 Golf System Revenue Bonds, less issue costs of $75,115 will be used to supplement the City 2010 general obligation bond amount of $2,250,000 to be used for construction and renovation of the course facilities.

On October 30, 2012, OCPPA issued $3,000,000 of Series 2012 Hotel Tax Revenue Bonds for the purpose of financing the cost of a covered outdoor arena at the Oklahoma City Fairgrounds.

The current economic environment and the economic outlook for Oklahoma City remain very positive. Because of a cost of living rating consistently below the national average; a strong industry presence; low commuting times; convenient airline travel; quality education, entertainment and sports opportunities; favorable weather; and a central location, Oklahoma City continues to receive numerous top accolades for metropolitan cities in the United States including Forbes February 25, 2013 ranking of Oklahoma City as one of the best cities for good jobs. These factors promise an immediate and sustainable economic growth outlook for the next several years.

In a report prepared by The Steven C. Agee Economic Research & Policy Institute of Oklahoma City University (Institute), dated January 31, 2013 and entitled "City of Oklahoma City Economic Outlook", the Institute reported that calendar year 2013, while remaining in a general recovery mode, will be another year of underperformance nationally, citing unresolved Federal issues. On the other hand the Institute cites historical patterns of economic activity in Oklahoma as reasons Oklahoma City has and will not closely follow the national trend. As a result they report that Oklahoma City should continue to enjoy broad growth as long as the national economy is in a general recovery mode. The Institute reported that recent employment and earnings growth should result in positive sales tax momentum with a general projection of 4.4 percent annual growth in sales tax revenues for calendar years 2013 and 2014 with a range from 2.6 percent to 7.4 percent depending on the national economy. Personal income is expected to grow 4.3 percent and 3.7 percent for calendar years 2013 and 2014, respectively. Without any significant changes in the national economy, overall job growth is expected to be around 2.5 percent for calendar years 2013 and 2014 and possibly in excess of 4 percent in some job sectors.

Fiscal year 2013, in terms of sales tax revenue growth, substantiates this positive outlook, with an increase for the year of over 5 percent. Expenditures for the year, predicated on this growth, allowed for increases in several programs. Budgeted expenditures for fiscal year 2014 also were based on the positive projected economic growth.

Any economic outlook is predicated on sustainable factors. The City Council has a continuing priority to its citizens to fulfill the promises made to them with regard to completing the projects established in voter initiatives to invest in the City. In addition, the City Council is focused on pursuing a financial model that provides adequate resources to meet the expectations for services as Oklahoma City grows and maintaining strong financial management that is evidenced by the highest possible rating of the City's general obligation bonds by both Moody's and Standard and Poor's.

The Authority participates in the City's comprehensive accounting and budgetary system. Interim financial statements provide Authority management and other interested readers with regular financial analyses. Additionally, the Authority's management maintains budgetary controls to ensure effective financial oversight.

By City Council resolution, public trusts of which the City is the beneficiary are encouraged to use the independent auditors competitively selected by the City. In compliance with that resolution, the Authority engaged BKD LLP to conduct its annual audit. The Authority acknowledges the professional and competent services of its independent auditors.

Respectfully submitted,

James D. Couch	Craig Freeman	Glen D. Earley
City of Oklahoma City,	City of Oklahoma City,	City of Oklahoma City,
General Manager	Finance Director	Controller

Financial Section

Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Trustees
Oklahoma City Public Property Authority
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Oklahoma City Public Property Authority (the Authority), a component unit of the City of Oklahoma City, Oklahoma (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Combined Operations of the Cox Convention Center and the Chesapeake Energy Arena, as managed by SMG, an agent operating these facilities, which statements reflect total assets of $10,629,626 and net position of $3,874,648 at June 30, 2013, and total operating revenues of $14,562,277 and total operating expenses of $21,328,245 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Combined Operations of the Cox Convention Center and the Chesapeake Energy Arena, as managed by SMG, which are reported within the Authority's governmental activities and general purpose fund financial statements, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of The Combined Operations of the Cox Convention Center and the Chesapeake Energy Arena, as managed by SMG, which are reported within the Authority's governmental activities and general purpose fund financial statements, were not audited in accordance with *Government Auditing Standards.*

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.

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund, of the Authority as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note IV* to the financial statements, in 2013 the Authority changed its method of accounting for Governmental Accounting Standards Board Statement No. 65. Our opinions are not modified with respect to this matter.

As discussed in *Note IV* to the financial statements, the 2012 financial statements have been restated to correct a misstatement. Our previously issued report on those financial statements dated December 18, 2012, is no longer to be relied upon because the previously issued statements were materially misstated.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining financial statements listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The transmittal letter preceding this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. That letter has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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.

BKD, LLP

Oklahoma City, Oklahoma
December 6, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Oklahoma City Public Property Authority (Authority) annual financial report, the Authority's management provides narrative discussion and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2013. The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Additional information is available in the transmittal letter which precedes this discussion and analysis. The Authority is a blended component unit of the City of Oklahoma City (City).

Financial Summary

- Authority assets exceeded liabilities by $99,702,274 (net position) for 2013. This compares to the previous year when assets exceeded liabilities by $109,947,290.

- Total liabilities for the Authority increased by $14,325,386 to $112,984,952 during the fiscal year.

- Total net position is comprised of the following:
  (1) Net Investment in capital assets of $90,970,175 include property and equipment, net of accumulated depreciation and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Restricted net position of $3,871,701 is restricted for capital projects and debt service.
  (3) Restricted net position of $2,920 is restricted for public service.
  (4) Restricted net position of $1,919,302 is restricted for culture and recreation.
  (5) Unrestricted net position is $2,938,176.

- The Authority's governmental fund reported total ending fund balance of $6,347,880 this year. This compares to the prior year ending fund balance of $7,559,202, showing a decrease of $1,211,322 during the current year.

Overview of the Financial Statements

This discussion and analysis introduces the Authority's basic financial statements. The basic financial statements include: (1) Authority-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Authority also includes in this report additional information to supplement the basic financial statements.

Authority-wide Financial Statements
The Authority's annual report includes two Authority-wide financial statements. These statements provide both long-term and short-term information about the overall status of the Authority and are presented to demonstrate the extent the Authority has met its operating objectives efficiently and effectively using all the resources available and whether the Authority can continue to meet its objectives in the foreseeable future. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The first of these Authority-wide statements is the statement of net position. This is the statement of financial position presenting information that includes all of the Authority's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority as a whole is improving or deteriorating and identify financial strengths and weaknesses and assess liquidity.

The second Authority-wide statement is the statement of activities which reports how the Authority's net position changed during the current fiscal year and can be used to assess the Authority's operating results in its entirety and analyze how the Authority's programs are financed. All current year revenues and expenses are included regardless of when cash is received or paid.

Both Authority-wide financial statements distinguish governmental activities from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities column includes general government functions supporting public services and culture and recreation activities, including economic development reported in the Authority's governmental fund. Business-type activities include golf courses, fairgrounds, and financial services.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. All Authority funds are reported as major funds.

Governmental Fund

The governmental fund is reported in the fund financial statements and reports public services and culture and recreation functions as reported in the Authority-wide financial statements. Fund statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements and the commitment of spendable resources for the near-term.

Since the Authority-wide financial statements focus includes the long-term view, comparisons between the two perspectives may provide useful insights. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to assist in understanding the differences between these two perspectives.

Proprietary Funds

Proprietary funds are reported in the fund financial statements and generally report services for which the Authority charges customers a fee. The Authority reports these as enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the Authority-wide financial statements. Services of enterprise funds are provided to customers external to the Authority such as public golf courses.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the Authority-wide financial statements. Individual golf course information which comprises the Golf Courses Fund is found in the combining statements in a later section of this report.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to gain a full understanding of the Authority-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees, including employees of the Authority.

Financial Analysis

Governmental activities support public services, parks, and public events, including economic development projects. The Authority contracts with Superior Management Group (SMG), an outside firm for the management and operation of the Cox Convention Center and the Chesapeake Energy Arena. The Civic Center Music Hall and certain activities related to the downtown canal are other cultural and recreational venues administered through the Authority. The City’s business improvement district service contracts are also administered through the Authority. These activities are subsidized by the City.

Business-type activities are primarily comprised of five public golf courses, fairgrounds and central financing services that receive support from the City.

Due to statutory restrictions on the City, using the Authority as an administrative and financing vehicle allows the City to engage in multi-year contracts.

The Authority's net position at fiscal year-end are $99,702,274. This is a decrease of $10,245,016 from last year's net position. Overall the Authority's financial position declined during fiscal year 2013. The 2012 balances presented in this discussion and analysis have been adjusted to reflect the impact of Governmental Accounting Standards Board (GASB) statement number 65. See Note III for more information.

Summary of Net Position

	Governmental Activities		Business-type Activities		Totals		
	2013	2012	2013	2012	2013	2012	% Change
Assets							
Current assets	$19,033,763	$8,341,329	$18,041,764	$10,998,736	$37,075,527	$19,340,065	91.7%
Capital assets, net	97,816,728	102,014,781	75,767,877	80,617,478	173,584,605	182,632,259	(5.0)
Other non-current assets	-	4,784,939	2,025,222	1,849,593	2,025,222	6,634,532	(69.5)
Total assets	**116,850,491**	**115,141,049**	**95,834,863**	**93,465,807**	**212,685,354**	**208,606,856**	2.0
Deferred outflows	**-**	**-**	**1,872**	**-**	**1,872**	**-**	100.0
Liabilities							
Current liabilities	8,017,252	1,192,988	6,662,470	6,435,111	14,679,722	7,628,099	92.4
Non-current liabilities	5,924,977	5,831,893	92,380,253	85,199,574	98,305,230	91,031,467	8.0
Total liabilities	**13,942,229**	**7,024,881**	**99,042,723**	**91,634,685**	**112,984,952**	**98,659,566**	14.5
Net position (deficit)							
Net Investment in capital assets	97,773,944	101,663,383	(6,803,769)	(2,609,220)	90,970,175	99,054,163	(8.2)
Restricted for:							
Capital projects	173,716	373,932	988	986	174,704	374,918	(53.4)
Debt service	-	-	3,696,997	2,686,796	3,696,997	2,686,796	37.6
Public services	2,920	2,910	-	-	2,920	2,910	0.3
Culture and recreation	1,919,302	2,765,874	-	-	1,919,302	2,765,874	(30.6)
Unrestricted	3,038,380	3,310,069	(100,204)	1,752,560	2,938,176	5,062,629	(42.0)
Total net position (deficit)	**$102,908,262**	**$108,116,168**	**($3,205,988)**	**$1,831,122**	**$99,702,274**	**$109,947,290**	(9.3)

Current assets increased by $10.69 million in governmental activities and $7.04 million in business-type activities. Governmental activities non-pooled cash and accounts receivable increased $9.62 million and $938 thousand, respectively, related to the change in reporting activity from SMG. In prior years the net position of SMG was recorded to other assets. In addition, accounts receivable in governmental activities increased $162 thousand related to the recording of advances to the administrators of the business improvement districts recorded in the Authority. Business-type activities cash and investments increased $5.64 million due to the increase in investments restricted for construction of $7.01 million related primarily to the issuance of Series 2012 golf revenue bonds.

Capital assets, net of accumulated depreciation, decreased $4.20 million and $4.85 million in governmental and business-type activities, respectively, related to normal depreciation and retirement of assets related to the biennial inventory, net of acquisition and construction costs. Other non-current assets decreased $4.78 million in governmental activities related primarily to the change in reporting of SMG activity.

Total liabilities increased $6.92 million in governmental activities and $7.41 million in business-type activities. Governmental activities current liabilities increased due primarily to the change in reporting SMG activity of $6.75 million. Business-type activities bonds payable increased due to the issuance of Series 2012 golf revenue bonds.

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Totals		
	2013	2012	2013	2012	2013	2012	% Change
Revenues							
Charges for services	$19,194,295	$17,348,565	$9,875,261	$9,751,397	$29,069,556	$27,099,962	7.3%
Operating grants and contributions	4,767	14,613	4,915	152	9,682	14,765	(34.4)
General revenues	1,677	45,103	8,789	10,173	10,466	55,276	(81.1)
Total revenues	**19,200,739**	**17,408,281**	**9,888,965**	**9,761,722**	**29,089,704**	**27,170,003**	7.1
Expenses							
General government	136,001	177,989	-	-	136,001	177,989	(23.6)
Public services	335,274	1,481,014	-	-	335,274	1,481,014	(77.4)
Culture and recreation	27,317,719	20,918,932	-	-	27,317,719	20,918,932	30.6
Economic development	-	26,491	-	-	-	26,491	(100.0)
Interest on long-term debt	173,288	85,652	-	-	173,288	85,652	102.3
Golf courses	-	-	10,933,146	10,772,437	10,933,146	10,772,437	1.5
Fairgrounds	-	-	9,872,964	10,062,791	9,872,964	10,062,791	(1.9)
Financial services	-	-	840,127	717,368	840,127	717,368	17.1
Total expenses	**27,962,282**	**22,690,078**	**21,646,237**	**21,552,596**	**49,608,519**	**44,242,674**	12.1
Transfers	**4,122,808**	**1,791,125**	**8,801,887**	**7,413,557**	**12,924,695**	**9,204,682**	40.4
Special items	**-**	**7,496,804**	**-**	**-**	**-**	**7,496,804**	(100.0)
Changes in net position (deficit)	**(4,638,735)**	**4,006,132**	**(2,955,385)**	**(4,377,317)**	**(7,594,120)**	**(371,185)**	(1945.9)
Beginning net position (deficit)							
As previously reported	108,116,168	103,669,673	1,831,122	(415,857)	109,947,290	103,253,816	6.5
Change in accounting principle	-	-	(485,686)	-	(485,686)	-	100.0
Prior period adjustment	(569,171)	440,363	(1,596,039)	6,624,296	(2,165,210)	7,064,659	(130.6)
As restated	107,546,997	104,110,036	(250,603)	6,208,439	107,296,394	110,318,475	(2.7)
Ending net position (deficit)	**$102,908,262**	**$108,116,168**	**($3,205,988)**	**$1,831,122**	**$99,702,274**	**$109,947,290**	(9.3)

Charges for services increased $1.85 million in governmental activities related primarily to additional event revenue at the Cox Convention Center, Chesapeake Energy Arena, Civic Center Music Hall and Chickasaw Bricktown Ballpark. Business-type activities increased $123 thousand related to $131 thousand in increased natural gas charges in the Financial Services Fund for higher fuel costs.

The changes in culture and recreation expenses of $7.00 million are primarily related to increases in operating costs for SMG managed properties of $2.23 million, $1.35 million for repairs and maintenance at the Civic Center, Cox Convention Center and Chesapeake Energy Arena, and increases in depreciation due to construction assets being placed in service during the current year, as well as, $727 thousand in asset losses due to assets retired during the biennial inventory.

Fairgrounds expenses decreased $189 thousand related to general construction activities. The increase in transfers of $3.70 million was primarily related to an increase of $1.29 million in transfers from the City General Fund for the SMG subsidy and a $1.00 million transfer to the Fairgrounds Fund from the City Hotel Motel Tax Fund.

Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2013 was $97,816,728 and $75,767,877, respectively.

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals		
	2013	2012	2013	2012	2013	2012	% Change
Non-Depreciable Assets							
Construction in progress	$272,233	$5,840,431	$13,679,935	$10,909,846	$13,952,168	$16,750,277	(16.7%)
Land	7,076,151	6,828,955	2,004,837	2,004,837	9,080,988	8,833,792	2.8
Total non-depreciable assets	**7,348,384**	**12,669,386**	**15,684,772**	**12,914,683**	**23,033,156**	**25,584,069**	(10.0)
Depreciable Assets							
Buildings	47,398,568	43,635,819	23,553,321	24,461,570	70,951,889	68,097,389	4.2
Improvements other than buildings	35,152,497	36,825,143	34,420,882	40,362,373	69,573,379	77,187,516	(9.9)
Furniture, machinery, and equipment	7,917,279	8,884,433	2,108,902	2,878,852	10,026,181	11,763,285	(14.8)
Total depreciable assets	**90,468,344**	**89,345,395**	**60,083,105**	**67,702,795**	**150,551,449**	**157,048,190**	(4.1)
Total	**$97,816,728**	**$102,014,781**	**$75,767,877**	**$80,617,478**	**$173,584,605**	**$182,632,259**	(5.0)

Total construction in progress decreased by $2.80 million due to the recategorization of completed construction assets to buildings and improvements other than buildings offset by additional construction projects at the fairgrounds. The biennial inventory was performed during 2013, in which a number of assets were identified that needed to be retired and caused the decrease of $7.61 million in improvements other than buildings and $1.74 million decrease in furniture, machinery and equipment. See Note II. E. for more information regarding capital assets.

Long-term Debt

Advances

At the end of the fiscal year, the Authority had total advances outstanding of $4,865,373. See Note VII. A. for more information regarding advances.

Advances from Oklahoma City Municipal Facilities Authority (OCMFA)

The Authority Golf Course Funds have received several advances from OCMFA for cart loans. The outstanding balance on the advances from OCMFA are $110 thousand at June 30, 2013. The Authority did not receive any new advances during the year and paid principal due in accordance with the terms of the advances.

Advances from the City General Fund and City City and Schools Use Tax Fund

The Authority received $1.03 million from the City City and School Use Tax Fund to repay a line of credit related to Tax Incremental Financing District #6. The City City and Schools Use Tax Fund will be repaid over 7 years at a rate of 2%. The City General Fund will repay $877 thousand plus the accrued interest. The Authority will repay the balance. Once the City City and School Use Tax Fund is repaid, it is anticipated that the Authority will repay the City General Fund for costs incurred. The balance due to the City General Fund and City City and School Use Tax Fund from the Authority at June 30, 2013 is $956 thousand and $81 thousand, respectively.

On February 16, 2010 the Authority received $3.20 million from the City City and School Use Tax Fund. The funds are to be used for the Cox Convention Center facility renovations and upgrade. The loan is to be repaid from revenues generated and collected by SMG under the Extended Use License Agreement with Prodigal Hockey, LLC and from other Cox Convention Center events. There were increases in cost of the facility renovations and upgrade to the total cost of $3.32 million. The replenishment to the City City and Schools Capital Projects Use Tax Fund with an interest rate of 4.19% will be repaid over a 10-year period. The balance of the loan at June 30, 2011 is $3.07 million, with accrued interest of $40 thousand.

Notes Payable

At the end of the fiscal year, the Authority had total notes payable of $1,314,256. See Note III. C. for more information regarding notes payable.

On May 11, 2006, the Authority issued a capital improvement note for the underground improvement project for $2 million. The outstanding balance on the note for underground improvement is $616 thousand.

The Authority received a non-interest bearing loan of $780 thousand from the Oklahoma Department of Commerce for the remediation of hazardous waste materials in the Skirvin Hotel. The outstanding balance on the note at June 30, 2013 is $698 thousand.

Revenue Bonds

At the end of the fiscal year, the Authority had total bonded debt outstanding of $91,775,000. This debt is supported by pledged revenues of the business-type activities of the Authority (revenue bonds). See Note III. D. for more information regarding revenue bonds.

Outstanding Long-term Debt

	2013	2012	2013 - 2012 Amount of Change	2013 - 2012 % Change
Advances	$4,865,373	$4,930,416	($65,043)	(1.3%)
Notes payable	1,314,256	1,450,677	(136,421)	(9.4)
Revenue bonds	91,775,000	83,760,000	8,015,000	9.6
	$97,954,629	**$90,141,093**	**$7,813,536**	8.7

The change in outstanding debt for 2013 is the result of scheduled debt service payments and the issuance of the $7.56 million Series 2012 golf bonds and the $3 million Series 2012 fairgrounds bonds. See Note III. E. for more information regarding changes in long-term debt.

Bond Ratings

Standard and Poor's and Moody's rated the Authority's Golf System Refunding Revenue Bonds as A+ and Aaa, respectively. Fairgrounds Hotel Tax Revenue Bonds are rated AAAm and Aaa by Standard and Poor and Moody's, respectively.

Economic Factors and Rates

Economic Factors

Economic factors directly affected the Authority's financial position. The operating revenue for the golf courses decreased due to weather and unfavorable mositure levels which caused fewer rounds of golf to be played during 2013 compared to the prior year.

Rates and Fees

Golf course fees increased effective April 1, 2013. Regular green fees increased $1.50 and golf cart rental fees increased $1.00. Other fees increased relatively. James E. Stewart Golf Course fees did not change.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances, comply with finance-related laws and regulations, and demonstrate commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City’s Finance Department, Accounting Services Division, at 100 North Walker, Suite 300, Oklahoma City, Oklahoma 73102.

Basic Financial Statements

Authority-wide Financial Statements

Provide both long-term and short-term information about the Authority's overall status using full accrual accounting.

* ***Governmental Activities*** *– Reports general government, public services, culture and recreation, and economic development and the general revenues of the Authority.*

* ***Business-Type Activities*** *– Reports golf courses, fairgrounds, and financial services activities.*

Fund Financial Statements

Focus on the Authority's most significant funds. Major funds are separately reported while all others are combined into a single, aggregated presentation.

Governmental Fund Financial Statements

Encompass essentially the same functions reported as governmental activities in the authority-wide financial statements using modified accrual accounting and report the annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Proprietary Fund Financial Statements

Provide both long-term and short-term information about the Authority's overall status using full accrual accounting.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises.

STATEMENT OF NET POSITION — OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY
June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS			
Pooled cash	$4,982,177	$2,025,782	$7,007,959
Non-pooled cash	9,623,698	1,363,859	10,987,557
Investments	2,961,747	14,145,420	17,107,167
Property taxes receivable	1,178	-	1,178
Accounts receivable, net	1,119,711	508	1,120,219
Interest, dividends, and royalties receivable	3	-	3
Due from other funds	89,292	75,450	164,742
Receivable from component units	4,105	1,128	5,233
Inventories	166,319	383,174	549,493
Prepaids	85,533	46,443	131,976
Total current assets	19,033,763	18,041,764	37,075,527
NON-CURRENT ASSETS			
Investments	-	1,532,757	1,532,757
Prepaids, non-current	-	492,465	492,465
Capital assets:			
Land and construction in progress	7,348,384	15,684,772	23,033,156
Other capital assets, net of accumulated depreciation	90,468,344	60,083,105	150,551,449
Capital assets, net	97,816,728	75,767,877	173,584,605
Total non-current assets	97,816,728	77,793,099	175,609,827
Total assets	**116,850,491**	**95,834,863**	**212,685,354**
DEFERRED OUTFLOWS OF RESOURCES	**-**	**1,872**	**1,872**
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	3,212,974	1,750,004	4,962,978
Wages and benefits payable	-	183,908	183,908
Due to other funds	488	131,246	131,734
Payable to component units	-	3,546	3,546
Interest payable	18,267	-	18,267
Compensated absences	-	66,719	66,719
Notes payable	144,920	-	144,920
Unearned revenue	4,640,603	-	4,640,603
Bond interest payable	-	1,037,047	1,037,047
Bonds payable	-	3,490,000	3,490,000
Total current liabilities	8,017,252	6,662,470	14,679,722
NON-CURRENT LIABILITIES			
Compensated absences	-	145,336	145,336
Notes payable	1,169,336	-	1,169,336
Advance from other funds	4,755,641	109,732	4,865,373
Bonds payable:			
Bonds payable	-	88,285,000	88,285,000
Unamortized bond discount/premium	-	1,360,201	1,360,201
Bonds payable, net	-	89,645,201	89,645,201
Net other post-employment benefit obligation	-	2,479,984	2,479,984
Total non-current liabilities	5,924,977	92,380,253	98,305,230
Total liabilities	**13,942,229**	**99,042,723**	**112,984,952**
NET POSITION (DEFICIT)			
Net Investment in capital assets	97,773,944	(6,803,769)	90,970,175
Restricted for: Capital projects	173,716	988	174,704
Debt service	-	3,696,997	3,696,997
Public services	2,920	-	2,920
Culture and recreation	1,919,302	-	1,919,302
Unrestricted	3,038,380	(100,204)	2,938,176
Total net position (deficit)	**$102,908,262**	**($3,205,988)**	**$99,702,274**

See accompanying notes to financial statements.

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**	**Business Type Activities**	**Total**
GOVERNMENTAL ACTIVITIES						
General government-------------------	$136,001	$ -	$ -	($136,001)	$ -	($136,001)
Public services-------------------------	335,274	150,000	295	(184,979)	-	(184,979)
Culture and recreation----------------	27,317,719	19,044,295	4,441	(8,268,983)	-	(8,268,983)
Economic development--------------	-	-	31	31	-	31
Interest on long-term debt------------	173,288	-	-	(173,288)	-	(173,288)
Total governmental activities------	27,962,282	19,194,295	4,767	(8,763,220)	-	(8,763,220)
BUSINESS-TYPE ACTIVITIES						
Golf courses----------------------------	10,933,146	9,061,021	564	-	(1,871,561)	(1,871,561)
Fairgrounds-----------------------------	9,872,964	-	4,351	-	(9,868,613)	(9,868,613)
Financial services----------------------	840,127	814,240	-	-	(25,887)	(25,887)
Total business-type activities------	21,646,237	9,875,261	4,915	-	(11,766,061)	(11,766,061)
Total------------------------------	**$49,608,519**	**$29,069,556**	**$9,682**	**(8,763,220)**	**(11,766,061)**	**(20,529,281)**

	Governmental Activities	Business Type Activities	Total
GENERAL REVENUES			
TAXES			
Tax incremental financing property taxes---------------	33,153	-	33,153
Unrestricted investment income-------------------------	(29,939)	8,789	(21,150)
Miscellaneous---	(1,537)	-	(1,537)
Total general revenues----------------------------------	**1,677**	**8,789**	**10,466**
TRANSFERS			
Transfers---	4,122,808	8,801,887	12,924,695
Changes in net position (deficit)-----------------------	**(4,638,735)**	**(2,955,385)**	**(7,594,120)**
Beginning Balance			
Net position			
Beginning, as previously reported------------------------	108,116,168	1,831,122	109,947,290
Change in accounting principle-------------------------	-	(485,686)	(485,686)
Prior period adjustment---------------------------------	(569,171)	(1,596,039)	(2,165,210)
Net position (deficit)-beginning, as restated---------	107,546,997	(250,603)	107,296,394
Net position (deficit)-ending----------------------------	**$102,908,262**	**($3,205,988)**	**$99,702,274**

See accompanying notes to financial statements.

	General Purpose Fund
ASSETS	
Pooled cash	$4,982,183
Non-pooled cash	9,623,698
Investments	2,961,747
Property taxes receivable	1,178
Accounts receivable	1,119,711
Interest, dividends, and royalties receivable	3
Due from other funds	89,292
Receivable from component units	4,105
Inventories	166,319
Prepaids	85,533
Total assets	**$19,033,769**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
LIABILITIES	
Accounts payable	$3,212,980
Due to other funds	488
Unearned revenue	4,640,603
Advance from other funds	4,755,641
Total liabilities	12,609,712
DEFERRED INFLOWS OF RESOURCES	76,177
FUND BALANCES	
Non-spendable	251,852
Restricted	2,113,020
Committed	228,012
Assigned	3,754,996
Total fund balance	6,347,880
Total liabilities, deferred inflows of resources, and fund balance	**$19,033,769**

RECONCILIATION OF THE BALANCE SHEET, GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION, GOVERNMENTAL ACTIVITIES

Total fund balance	$6,347,880
Capital assets, net of accumulated depreciation	97,816,728
Revenue earned but not available	76,177
Long-term notes payable, current	(144,920)
Long-term notes payable, non-current	(1,169,336)
Interest on long-term notes payable	(18,267)
Net position-governmental activities	**$102,908,262**

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended June 30, 2013

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	General Purpose Fund
REVENUES	
Tax incremental financing property taxes	$33,313
Investment income	(11,718)
Public events charges	15,638,711
Other charges for services	1,880,276
Rental income	1,600,308
Other	(1,309)
Total revenues	**19,139,581**
EXPENDITURES	
CURRENT	
General government	125,570
Culture and recreation	23,337,975
Capital outlay	696,562
DEBT SERVICE	
Principal	136,421
Interest	177,183
Total expenditures	**24,473,711**
Deficiency of revenues under expenditures	**(5,334,130)**
OTHER FINANCING SOURCES (USES)	
Transfers from other funds	5,496,647
Transfers to other funds	(1,373,839)
Net other financing sources	**4,122,808**
Net change in fund balance	**(1,211,322)**
Fund balance, beginning	7,559,202
Fund balance, ending	**$6,347,880**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES, GOVERNMENTAL ACTIVITIES

Net change in fund balance	($1,211,322)
Capital outlay	696,562
Depreciation expense	(4,131,542)
Loss on disposal of assets	(193,902)
Recognition of earned but unavailable revenue	61,153
Debt principal paid	136,421
Interest payable on long-term debt	3,895
Change in net deficit-governmental activities	**($4,638,735)**

See accompanying notes to financial statements.

	Enterprise Funds			
	Golf Courses Fund	**Fairgrounds Fund**	**Financial Services Fund**	**Total**
ASSETS				
Pooled cash	$731,557	$1,241,146	$53,079	$2,025,782
Non-pooled cash	1,363,859	-	-	1,363,859
Investments	8,089,081	6,030,946	25,393	14,145,420
Accounts receivable, net	508	-	-	508
Due within Authority	(414)	-	414	-
Due from other funds	16,000	-	59,450	75,450
Receivable from component units	-	-	1,128	1,128
Inventories	383,174	-	-	383,174
Prepaids	-	46,443	-	46,443
Total current assets	10,583,765	7,318,535	139,464	18,041,764
NON-CURRENT ASSETS				
Investments	455,689	1,077,068	-	1,532,757
Prepaids, non-current	-	492,465	-	492,465
Capital assets:				
Land and construction in progress	212,692	15,472,080	-	15,684,772
Other capital assets, net of accumulated depreciation	6,366,005	53,717,100	-	60,083,105
Capital assets, net	6,578,697	69,189,180	-	75,767,877
Total non-current assets	7,034,386	70,758,713	-	77,793,099
Total assets	**17,618,151**	**78,077,248**	**139,464**	**95,834,863**
DEFERRED OUTFLOWS OF RESOURCES	**1,872**	**-**	**-**	**1,872**
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	455,325	1,190,500	104,179	1,750,004
Wages and benefits payable	183,908	-	-	183,908
Due to other funds	89,153	42,093	-	131,246
Payable to component units	-	-	3,546	3,546
Compensated absences	66,719	-	-	66,719
Bond interest payable	119,762	917,285	-	1,037,047
Bonds payable	735,000	2,755,000	-	3,490,000
Total current liabilities	1,649,867	4,904,878	107,725	6,662,470
NON-CURRENT LIABILITIES				
Compensated absences	145,336	-	-	145,336
Advance from other funds	109,732	-	-	109,732
Bonds payable:				
Bonds payable	14,320,000	73,965,000	-	88,285,000
Unamortized bond discount/premium	40,331	1,319,870	-	1,360,201
Bonds payable, net	14,360,331	75,284,870	-	89,645,201
Net other post-employment benefit obligation	2,479,984	-	-	2,479,984
Total non-current liabilities	17,095,383	75,284,870	-	92,380,253
Total liabilities	**18,745,250**	**80,189,748**	**107,725**	**99,042,723**
NET POSITION (DEFICIT)				
Net Investment in capital assets	(820,991)	(5,982,778)	-	(6,803,769)
Restricted for: Capital projects	988	-	-	988
Debt service	551,330	3,145,667	-	3,696,997
Unrestricted	(856,554)	724,611	31,739	(100,204)
Total net position (deficit)	**($1,125,227)**	**($2,112,500)**	**$31,739**	**($3,205,988)**

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS
For the Year Ended June 30, 2013

	Enterprise Funds			
	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	Total
OPERATING REVENUES				
CHARGES FOR SERVICES				
Green fees	$5,022,715	$ -	$ -	$5,022,715
Concessions	1,490,580	-	-	1,490,580
Natural gas charges	-	-	814,240	814,240
Other charges	3,987	-	-	3,987
Total charges for services	6,517,282	-	814,240	7,331,522
Golf cart rentals	2,397,425	-	-	2,397,425
Total operating revenues	**8,914,707**	**-**	**814,240**	**9,728,947**
OPERATING EXPENSES				
Personal services	5,085,783	-	-	5,085,783
Maintenance, operations, and contractual services	2,485,652	104,362	840,127	3,430,141
Materials and supplies	1,761,869	18,247	-	1,780,116
Depreciation	1,257,664	6,177,998	-	7,435,662
Total operating expenses	**10,590,968**	**6,300,607**	**840,127**	**17,731,702**
Operating loss	**(1,676,261)**	**(6,300,607)**	**(25,887)**	**(8,002,755)**
NON-OPERATING REVENUE (EXPENSE)				
Investment income	5,047	8,169	488	13,704
Interest on bonds and notes	(260,940)	(3,389,989)	-	(3,650,929)
Bond issue costs	(138,246)	(28,000)	-	(166,246)
Bond insurance	-	(47,928)	-	(47,928)
Amortization	-	179,992	-	179,992
Other revenue (expense)	203,322	(286,432)	-	(83,110)
Net non-operating revenue (expense)	**(190,817)**	**(3,564,188)**	**488**	**(3,754,517)**
Loss before transfers	**(1,867,078)**	**(9,864,795)**	**(25,399)**	**(11,757,272)**
TRANSFERS				
Transfers from other funds	1,280,140	7,521,750	-	8,801,890
Changes in net deficit	**(586,938)**	**(2,343,045)**	**(25,399)**	**(2,955,382)**
Beginning assets (deficit)				
Total net position, beginning, as previously reported	(484,823)	2,258,807	57,138	1,831,122
Change in accounting principle	(53,466)	(432,220)	-	(485,686)
Prior period adjustment	-	(1,596,042)	-	(1,596,042)
Total net position (deficit), beginning, as restated	(538,289)	230,545	57,138	(250,606)
Total net position (deficit), ending	**($1,125,227)**	**($2,112,500)**	**$31,739**	**($3,205,988)**

See accompanying notes to financial statements.

	Enterprise Funds			
	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$8,960,804	$ -	$756,800	$9,717,604
Cash payments to suppliers for goods and services	(4,060,688)	(263,391)	(785,456)	(5,109,535)
Cash payments to employees and professional contractors for services	(4,608,674)	-	-	(4,608,674)
Other cash receipts	1,857	-	-	1,857
Net cash provided (used) by operating activities	**293,299**	**(263,391)**	**(28,656)**	**1,252**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers received from other funds	1,258,525	7,604,416	-	8,862,941
Transfers paid to other funds	(312,609)	-	-	(312,609)
Net cash provided by non-capital financing activities	**945,916**	**7,604,416**	**-**	**8,550,332**
CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES				
Proceeds from issuance of long-term debt	7,413,619	2,924,072	-	10,337,691
Payments for acquisition and contraction of capital assets	(411,499)	(4,614,559)	-	(5,026,058)
Principal paid on long-term debt	(505,000)	(1,926,714)	-	(2,431,714)
Interest paid on long-term debt	(191,513)	(3,714,060)	-	(3,905,573)
Proceeds from sale of assets	189,000	-	-	189,000
Net cash provided (used) by capital and capital related financing activities	**6,494,607**	**(7,331,261)**	**-**	**(836,654)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of investments	(9,546,052)	(40,033,889)	-	(49,579,941)
Proceeds from sale of investments	1,847,337	40,267,141	-	42,114,478
Changes in pooled investments	389,385	585,300	53,732	1,028,417
Investment income received	12,967	8,704	1,322	22,993
Net cash provided (used) by investing activities	**(7,296,363)**	**827,256**	**55,054**	**(6,414,053)**
Net increase in cash	**437,459**	**837,020**	**26,398**	**1,300,877**
Cash, beginning	1,657,957	404,126	26,681	2,088,764
Cash, ending	**$2,095,416**	**$1,241,146**	**$53,079**	**$3,389,641**
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVTIES				
Operating loss	($1,676,261)	($6,300,607)	($25,887)	($8,002,755)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVTIES				
Depreciation	1,257,664	6,177,998	-	7,435,662
Other revenue (expense)	199,776	-	-	199,776
(Increase) decrease in accounts receivable	(509)	-	-	(509)
(Increase) decrease in due from other funds	-	-	(59,862)	(59,862)
(Increase) decrease in receivable from component units	-	-	(1,128)	(1,128)
(Increase) decrease in inventories	(40,205)	-	-	(40,205)
(Increase) decrease in prepaid assets	-	(46,445)	-	(46,445)
Increase (decrease) in accounts payable	23,140	(94,337)	54,675	(16,522)
Increase (decrease) in wages and benefits payable	14,615	-	-	14,615
Increase (decrease) in due to other funds	(7,966)	-	-	(7,966)
Increase (decrease) in payable to component unit	-	-	3,546	3,546
Increase (decrease) in compensated absences	10,184	-	-	10,184
Increase (decrease) in net other post-employment benefit obligation	512,861	-	-	512,861
Total adjustments	1,969,560	6,037,216	(2,769)	8,004,007
Net cash provided (used) by operating activities	**$293,299**	**($263,391)**	**($28,656)**	**$1,252**
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Net increase (decrease) in fair value of investments	($2,298)	$ -	$ -	($2,298)
Total non-cash investing, capital, and financing activities	**($2,298)**	**$ -**	**$ -**	**($2,298)**

See accompanying notes to financial statements.

Notes to Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Oklahoma City Public Property Authority (Authority) financial activities for the fiscal year ended June 30, 2013.

I. B. BASIS OF PRESENTATION

I. B. 1. REPORTING ENTITY AND RELATIONSHIP TO THE CITY OF OKLAHOMA CITY, OKLAHOMA

Due to restrictions of the state constitution relating to the issuance of municipal debt, the City of Oklahoma City (City) created public trusts to finance City services with revenue bonds or other non-general obligation financing, and to provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts were created to provide financing services and are blended into the City's primary government although retaining separate legal identity.

The Authority is a public trust created pursuant to Title 60 of the Oklahoma Statutes, section 176, et seq. The Authority was established August 15, 1961, with the City named as the beneficiary. The purpose of the Authority is generally to provide a means of financing various municipal recreational improvements and services.

The provisions of the trust indenture provide that the Authority will lease or otherwise manage the related property and improvements financed by the Authority. The Authority will receive all revenues generated from the related properties to pay the debt service requirements on the revenue bonds issued by the Authority plus costs and expenses incidental to the management, operation, maintenance, and conservation of the Authority. In addition, the Authority is responsible for all operating expenses and the financing of future improvements to the five City municipal golf courses.

The Mayor and members of the City Council of the City serve as the Trustees for the Authority. The City Manager serves as the General Manager. The Authority does not have the power to levy taxes. The City has no obligation for debt issued by the Authority.

Method of Reporting in the City's Comprehensive Annual Financial Report (CAFR)

The Authority is presented as a blended component unit of the City and is included in the City’s financial reporting entity. The Authority meets the requirements for blending because the Authority’s governing body is identical to the City’s elected governing board (City Council), and the Authority is managed as a department of the City under the direction of the City Manager using City employees.

The Authority is included in the City's financial reporting entity presented in the City's CAFR. The City CAFR may be obtained from the Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

Authority Administration

The Authority's employees perform activities for the golf courses only. All other activities of the Authority are performed by City employees.

I. B. 2. BASIC FINANCIAL STATEMENTS

Authority-wide Financial Statements

The Authority-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Authority as a whole. Individual funds are not displayed but the statements distinguish governmental activities from business-type activities which are generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include charges for services which include fees and other charges to users of the Authority's services. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and enterprise (proprietary) funds. All funds of the Authority are considered major.

I. B. 3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Generally Accepted Accounting Principles (U.S. GAAP)

The financial statements of the Authority are prepared in accordance with U.S. GAAP. The Authority applies all relevant GASB pronouncements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Authority considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Governmental Fund

The governmental fund uses the current financial resources measurement focus. Only current assets and current liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available resources during a given period.

General Purpose Fund

This fund is used by the Authority to account for specific revenues including events, box office sales, lease revenues, and tax increment ad valorem income which are designated to finance general government functions or activities of the Authority, such as public services, parks, and public events including economic development projects.

Proprietary Funds

Proprietary funds use the economic resources measurement focus. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net position.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Enterprise Funds

Golf Courses Fund

This fund is used to account for the revenues and expenses of five municipal golf courses.

Fairgrounds Fund

This fund is used to account for transfers from the City for hotel/motel tax revenues dedicated for debt service and the expenditure of bond funds.

Financial Services Fund

The City currently has multiple facilities that use natural gas in sufficient volumes to qualify for use of a third party natural gas supplier rather than the local natural gas utility. On July 1, 2010, the City designated the Financial Services Fund to consolidate and manage the third party natural gas contracts of the City.

I. C. BUDGET LAW AND PRACTICE

Oklahoma Statutes require the submission of financial information for public trusts. However, legal budgetary control levels are not specified. The Authority's budget is submitted to its governing body for approval annually and is received by the City Council for approval. Budgetary control of Authority operations is exercised on a project-length basis for most funds of the Authority. The exception is the Golf Course Fund where the budget is developed on an annual basis. Appropriations in funds other than the golf courses are carried forward each year until projects are completed. Appropriations for the Golf Course Fund expires at the close of the fiscal year. Management's policy prohibits expenditure/expenses to exceed revenues. Management may transfer appropriations without governing body approval.

I. D. POLICIES RELATED TO ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY

Implementation of New Accounting Standard

Effective July 1, 2012, the City implemented Governmental Accounting Standards Board (GASB) statement number 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement defines deferred outflows and deferred inflows of resources and where they are to be reported in the financial statements and redefine and provide new calculations for the classifications of net position.

I. D. 1. CASH AND INVESTMENTS

The Authority participates in the investment policy approved by the City Council. The Authority's governing board formally adopted the updated City's deposit and investment policy in October 2012. Where applicable, deposit and investment policies for restricted funds are specified in the respective bond indentures.

The Authority maintains and controls a cash and investment operating pool which functions as a demand deposit account for participating funds of the Authority. This pool is allocated to the funds. Fund pooled cash and investments are allocated based on the fund's position in the pool and reported as pooled cash and investments. In addition, non-pooled cash and investments are separately held and reflected in respective funds as non-pooled cash and investments. The Authority engages in non-pooled investing activity for bond proceeds, golf course operations, and other functionally separate activities.

Investments are carried at fair value determined by quoted market prices. The management of the restricted investments is performed in accordance with applicable bond indentures and at the direction of the trustee bank. Cash deposits are reported at carrying amount which approximates fair value.

I. D. 2. INVENTORIES AND PREPAIDS

Inventories recorded at the lower of cost or market on a first-in, first-out basis consist of golf course supplies and food related resale items and on recorded an average cost or market basis.

Prepaids are payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Non-current prepaids benefit periods beyond the following 12 month period.

I. D. 3. RECEIVABLES AND UNCOLLECTIBLE AMOUNTS

Property Taxes Receivable

Property taxes are collected and remitted to the Authority by four county governments. Taxes levied annually on November 1 are due one-half by December 31 and one-half by March 31. Major tax payments are received December through April. Lien dates for real property are in June and October, respectively. Property taxes receivable are recorded in the in the governmental fund financial statements fifteen days (taxpayer protest period) after the debt service budget is approved by the Oklahoma County Excise Board.

Other Significant Receivables

Significant receivables are due from promoters, advertisers, ticketing agencies, and other businesses. These receivables are due within 30 days are are stated net of an allowanace for doubtful accounts. The allowance amount is estimated using the length of time the receivables are past due.

I. D. 4. RESTRICTED ASSETS

Certain assets are restricted for capital projects funded through long-term debt and debt service reserves. Restricted deposits and investments are legally restricted for the payment of currently maturing debt service.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as needed.

I. D. 5. INTERFUND BALANCES

Generally, outstanding balances between funds reported as due to/from other funds include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, or other miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as due to/from other funds (i.e., the current portion of intrafund loans) or advances to/from other funds (i.e., the non-current portion of intrafund loans). All activity between governmental and business-type activities of the Authority is eliminated and any residual balances outstanding between the activities are reported in the Authority-wide financial statements as internal balances.

Certain outstanding balances (due to/from and advances from) have not been eliminated in the Authority-wide statements because they include amounts due to/from the City.

Net transfers reported on the statement of changes in net position do not net to zero. The amounts reported include transfers to/from the primary government. Transfers within the Authority net to zero and are presented separately.

I. D. 6. CAPITALIZED INTEREST

Interest costs are capitalized when incurred by enterprise funds and similar component units on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized.

I. D. 7. CAPITAL ASSETS AND DEPRECIATION

The Authority generally capitalizes assets with cost of $7,500 or more. Property and equipment are stated at actual or estimated historical cost. Donated assets are stated at their fair market value on the date donated. Capital assets are reported in the Authority-wide statements and respective proprietary funds and are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	10 - 50
Infrastructure and improvements other than buildings	10 - 50
Mobile equipment, furniture, machinery, and equipment	5 - 20

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service. The Authority's proprietary funds capitalize interest as a component of capital assets constructed for its own use.

I. D. 8. DEBT, BOND DISCOUNT AND PREMIUM, AND DEFERRED AMOUNTS FROM REFUNDING

In the Authority-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Bond discounts and premiums are reported with bonds payable and deferred amounts from refunding are reported as deferred outflows in the statement of net position.

I. D. 9. COMPENSATED ABSENCES

Golf courses' employees are granted vacation benefits in varying amounts depending on tenure with the Authority. These benefits accumulate pro rata by pay period. The employee's right to use accumulated vacation and to receive an accumulated vacation payment upon termination vests after one year of employment. Sick leave accrues to employees at the rate of approximately 5 days per year with a maximum accrual of approximately 25 days. After one year of service, employees are entitled to a percentage of their sick leave balance upon termination.

I. D. 10. USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

I. D. 11. TAX INCREMENTAL FINANCING (TIF)

TIF is a method of obtaining financing using future gains in taxes to finance current improvements which will create the conditions for those future gains. When a public project is carried out, the increase in the value of surrounding real estate, and perhaps new investment, generates increased property and sales tax revenues dedicated to finance the debt issued to pay for the project. The Authority uses TIF to stimulate economic development.

I. D. 12. FUND EQUITY

Fund Balance

Non-Spendable Fund Balance
Fund balance reported as non-spendable includes amounts that cannot be spent because it is not in spendable form or is not expected to be converted to cash including inventories, prepaid expenses and non-current receivables and advances.

Restricted Fund Balance
Restricted fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation including City ordinances approved by a vote of the Citizens.

Committed Fund Balance
Committed fund balance includes amounts that are constrained for specific purposes that are internally imposed by a vote of the Board of Trustees. Commitments of fund balance do not lapse at year-end.

Assigned Fund Balance
Assigned fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by formal action of the City Finance Director.

Unassigned Fund Balance
Unassigned fund balance includes fund balance within the General Purpose Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Fund Balance Usage
The Authority uses restricted amounts when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as a grant agreements requiring dollar for dollar spending. Additionally, the Trust uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Net Position

Net investment in capital assets and legally restricted amounts are separated from unrestricted net position.

Net Investment in Capital Assets
The amount reported is calculated as total capital assets less accumulated depreciation and outstanding debt used to purchase the assets net of unspent portions. Unspent portions of debt, along with any amounts used to fund debt reserves, are included with restricted net position.

Restricted Net Position
Amounts reported as restricted for debt service include those amounts held in restricted accounts as required by the debt instrument. Restricted amounts held to pay bond interest are reduced by accrued interest payable. Net position restricted for capital projects include unspent debt proceeds legally restricted for capital outlays. Restricted net position also include purpose restrictions from enabling legislation and other external sources.

I. D. 13. RISK MANAGEMENT

The Authority's risk management activities are recorded in the City Risk Management, the Oklahoma City Municipal Facilities Authority (OCMFA) Services funds and Oklahoma City Post-Employment Benefits Trust (OCPEBT). The purpose of these funds is to administer employee life, employee health, property and liability, workers' compensation, unemployment, and disability insurance programs of the City, in which the Authority participates. These funds account for the risk financing activities of the Authority and constitute a transfer of risk from the Authority.

The Authority pays premiums to the City included with other administrative chargebacks and has no other costs or liabilities related to risk management activities. Costs and liabilities for commercial insurance, stop-loss insurance, and claims paid are recorded in the City Risk Management Fund and the OCMFA Services Fund. Retiree health insurance claims costs and liabilities are reported in OCPEBT.

I. E. POLICIES RELATED TO REVENUES AND EXPENDITURES/EXPENSES

I. E. 1. MAJOR REVENUES

Program revenue reported in governmental activities include public events charges for services such as box office fees and management fees. Other charges for service include Water Taxi receipts.

General revenues reported in governmental activities include property ad valorem tax for TIF proceeds, investment income, naming rights and other operating income.

Proprietary Funds
Charges for services in the Golf Course Fund include green fees, driving range, café at the golf courses, locker rental and golf cart rental, and other non-operating revenue and interest income.

Non-operating interest income and transfers from the Hotel/Motel Tax Fund are the revenues and transfers recognized in the Fairgrounds Fund.

The Authority's Financial Service Fund has charges to City departments for natural gas service from third party providers and receives investment income.

I. E. 2. LEASE OPERATING AGREEMENTS

Fairgrounds

On August 3, 1982, the Authority and the City entered into a management agreement with the State Fair of Oklahoma, Inc. (Fair), a private, nonprofit corporation. Under terms of this agreement, all fairgrounds-related property, owned by the City and the Authority, is leased to the Fair. The Fair, in return, agrees to operate, manage, and maintain the fairgrounds.

Golf Facilities

The Authority leases the Lake Hefner, Lincoln Park, Trosper Park, and Earlywine Park golf facilities from the City. The lease agreements provide that all revenues generated by these assets will accrue to the Authority. Although each course is leased to the Authority individually, the terms of these leases are substantially the same. The Authority is responsible for all costs and expenses of operating and maintaining the golf facilities with the exception of water used for course maintenance, which is subsidized by the City's General Fund through payments to the Authority. The lease agreements require a nominal annual rental payment and provide that they shall remain in effect as long as revenue bonds of the Authority remain outstanding.

The Authority provides supervision of the operation and maintenance of the James E. Stewart Golf Course, pursuant to a joint resolution between the City and the Authority dated May 27, 1997.

The golf facilities are managed and maintained by employees of the Authority under advisory direction of a nine-member Golf Commission which is appointed by the Chairman of the Trustees (the Mayor) and approved by the Trustees. The golf facilities and golf system-related activity are recorded in the Authority's Golf Courses Fund.

Chickasaw Bricktown Ballpark

As part of the City's Metropolitan Area Projects (MAPS) downtown revitalization program, a new downtown ballpark was constructed. On October 7, 1997, the City Council leased the new downtown ballpark and related facilities to the Authority for an initial 10 year term. The lease was extended to 2012 and will be extended automatically for the same rental and terms for two additional terms of five years each. On the same date, the Authority subleased the ballpark to the Oklahoma City Athletic Club Limited Partnership that holds the franchise for the Oklahoma Redhawks baseball team. The sublease is subject to the terms of a financing agreement to provide for the continued operations and maintenance of the ballpark. The sublease requires annual rent equal to the greater of 7% of paid admissions for all events or $150,000. Rentals are deposited by the Authority in a capital improvements account designated for future ballpark capital improvements. This lease and sublease activity are reported in the General Purpose Fund.

Cox Convention Center, Chesapeake Energy Arena, and Civic Center Music Hall

The Authority leases the Cox Convention Center, Chesapeake Energy Arena, and Civic Center Music Hall (Civic Center) from the City. The amended lease, dated June 4, 2002, is for a twenty-five year period which began on May 11, 1999. The lease requires all of the proceeds derived from the operations of the leased premises to be paid as rental payments to the City. Rental income from the property is equal to rental payments to the City reported with transfers. This lease and sublease activity are reported in the General Purpose Fund.

Oklahoma City Thunder

The Authority approved an agreement on April 15, 2008, with Oklahoma City Thunder (Team) for use of the Chesapeake Energy Arena and National Basketball Association (NBA) Practice Facility during a proposed 15-year initial term and five potential three-year renewal term(s).

The Team pays $1,640,000 in annual arena rent. Additional rent of $40,000 is to be paid for each pre-season and post-season home game. The Team pays the Authority the annual naming rights revenue it currently receives, $409,000. The Team pays annual NBA practice facility rent of $100,000. Rent and naming rights fees are subject to periodic consumer price index adjustments, capped at 3% annually. These activities are reported in the General Purpose Fund.

I. E. 3. MANAGEMENT AGREEMENTS

Cox Convention Center and Chesapeake Energy Arena

On October 19, 1999, the City and the Authority entered into a management agreement with Superior Management Group (SMG). Under the agreement, SMG agreed to manage and operate the Cox Convention Center and Chesapeake Energy Arena. The audited financial statements for SMG are available upon request from the City Finance department, 100 N. Walker, Suite 300, Oklahoma City, OK, 73012.

Golf Courses

The professional managers of the respective golf courses are contracted by the Authority under the terms of five-year professional services agreements. These professional services agreements provide for compensation to be paid monthly to the professional managers at a rate equal to a fixed fee plus a percentage of gross golf cart rentals and a percentage of all other operating revenues, including green fees, restaurant income, and driving range fees. The professional managers receive all the revenues from the sale and rental of golf merchandise, repairs to patrons' golf equipment, and golf lessons. However, they must bear substantially all the costs and expenses related to these activities.

The professional services agreement also requires the Authority to provide health, life and dental insurance coverage to the professional managers, as well as retirement benefits.

Interlocal Agreement

On November 27, 2012 the Authority authorized an interlocal agreement with the City of Tulsa for computerized box office service retroactive from July 1, 2012 through June 30, 2013. The agreement renews the authorization with the Tulsa Performing Arts Center for computerized ticketing system to process tickets sold by internet or by outlet for events at the Civic Center and Rose State Performing Arts Theater (Theater).

Tennis Center

In January, 2010, the City and the Authority entered into an agreement for management and operations of the tennis program and facilities at the Oklahoma City Tennis Center with OKC Public Tennis, LLC, for the period of January 14, 2010 through January 14, 2013. On December 11, 2012 the City of Oklahoma City approved an amendment to the Agreement extending the term for an additional three years. OKC Public Tennis, LLC. assumes sole responsibility for management and compensation of the staff and management of the tennis program and facilities including tennis lessons, court rentals, tournaments, clinics, camps, pro shop operations, food and beverage services, and tennis equipment repairs, subject to overall policy direction and approval of the City and the Authority

Also, the professional management agreement was renewed for the management and operations of the Tennis Center at Earlywine Park for the term of January 14, 2013, through January 13, 2016.

Rose State College

In August 2013, the second renewal of agreement with Rose State College and the Authority, was signed regarding the management of the Theater, the term of the agreement was retroactive to July 1, 2012, and runs through June 30, 2013. Under the terms of the agreement, the Civic Center staff is responsible for managing the theater and the City is reimbursed for all expenses incurred. These activities are reported in the General Purpose Fund.

I. F. TAX STATUS

The Authority is exempt from Federal and state income taxes under Section 115 of the Internal Revenue Code for any trade or business related to the Authority's tax-exempt purpose or function.

I. G. RETAINAGES

It is the policy of the Authority to retain a percentage of construction contracts until a completed project has been accepted by the Trustees. Contractors may request to opt out of this retainage by providing a certificate of deposit with the City. The City holds the certificate of deposit and the Authority retains the risk of incurring costs related to a contractor's failure to perform. However, in the event of non-performance, the City calls the certificate and pay the proceeds to the Authority to cover any costs incurred. The Authority does not record the effect of holding the certificates of deposit.

I. H. REVENUE RESERVES

Capital Improvements

Effective May 1, 1995, the Golf Commission recommended and the Trustees of the Authority approved a surcharge on golf rounds. Current rates are $1.00 to $6.50 for daily rounds and $350.00 to $812.50 for annual rounds. These funds are generally used for the major renovation of existing courses. The use of these funds is subject to the approval of the Golf Commission and the Trustees of the Authority.

Operating Reserve

Golf courses are required to deposit $0.50 to $1.00 of each green fees to a savings account and generally spent as needed. Spending of these funds is recommended by the Golf Commission and approved by the Trustees of the Authority.

Equipment Replacement

Golf courses are required to deposit $0.50 to $4.00 of each cart rentals to a savings account and generally spent as needed. Spending of these funds is recommended by the Golf Commission and approved by the Trustees of the Authority.

II. ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

II. A. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. The Authority's policy requires deposits to be 110 percent secured by collateral valued at market less the amount of the Federal depository insurance. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health, as determined by the bank's institutional rating on each of the performance evaluations conducted pursuant to the Federal Community Reinvestment Act, 12 United States Code, Section 2901. Collateral agreements must be approved prior to deposit of funds as provided by law. The City Council approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of the City Treasurer.

The general bond indentures for the Golf System Revenue Bonds and Fairgrounds Hotel Tax Revenue Bonds require the use of trust accounts. The bond accounts are used to segregate resources accumulated for debt service payments over the next twelve months. The operating and maintenance account is used for resources set aside to make up deficiencies in operating and maintenance activities. The construction accounts are used for proceeds of revenue bond issuances that are restricted for use in construction. The bond reserve account is used for proceeds of revenue bond issuances set aside to make up potential future deficiencies in the bond accounts, or to make the last bond principal and interest payments.

At June 30, 2013, the Authority's cash is collaterized with securities held by the pledging financial institution in the name of the Authority or the City, less Federal depository insurance.

Investments

The Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Authority’s financial position. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

	Fair Value/ Carrying Amount	Cost	Average Credit Quality/ Ratings (1)	Weighted Average Months to Maturity (2)
POOLED INVESTMENTS				
Money market funds	$3,549,780	$3,549,780	AAA/Aaa	1.73
NON-POOLED INVESTMENTS				
Business-type Activities				
Money market funds	15,090,144	15,090,144	AAA/Aaa	1.70
Total investments	**$18,639,924**	**$18,639,924**		

(1) Ratings are provided where applicable to indicate associated credit risk.
(2) Interest rate risk is estimated using weighted average months to maturity.

Investment Policy

The Authority's investment policy is maintained by the City Treasurer. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Authority funds may be invested in: (1) direct obligations of the U.S. government, its agencies or instrumentalities to the payment of which the full faith and credit of the U.S. government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged; (2) Federal agency or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those insured by or fully guaranteed as principal and interest by Federal agencies or U.S. government-sponsored enterprises; (3) collateralized or insured certificates of deposit and other evidences of deposits at banks, savings and loan associations, and credit unions located in Oklahoma when secured by appropriate collateral or fully insured certificates of deposit and other evidences of deposits at banks, savings and loan associations, and credit unions located outside of Oklahoma; (4) repurchase agreements that have underlying collateral of direct obligations or obligations of the U.S. government, its agencies, and instrumentalities; (5) money market funds regulated by the Securities and Exchange Commission which consist of authorized domestic securities with restrictions as specified in state law; (6) Savings accounts or certificates of savings and loan associations, banks, and credit unions, to the extent the accounts are fully insured by Federal depository insurance; (7) State and Local Government Series (SLGS); (8) City direct debt obligations for which an ad valorem tax may be levied or bonds issued by a public trust of which the City is a beneficiary and judgments rendered against the City by a court of record, provided it is a prudent investment; (9) Prime commercial paper with a maturity date less than 180 days which represents less than 10% of the outstanding paper of an issuing corporation.

Under the policy, the Authority may not invest in reverse repurchase agreements, derivative instruments created from, whose value depends on, or is derived from, the value of one or more underlying assets or indices of asset values and/or has no call options prior to the desired maturity or is a variable rate instrument. Collateralization is further restricted to permitted investments shown previously as items (1) and (2).

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. Unless matched to a specific cash flow, investments are not made in securities maturing more than five years from the date of purchase. Certificates of deposit may not be purchased with maturities greater than 365 days from date of purchase.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. Cumulatively, portfolios of the Authority may not be invested in any given financial institution in excess of 5% of such institution's total assets excluding U.S. government securities and those issued by government sponsored enterprises, SLGS, and City judgments. Additionally, no more than 5% of the total Authority portfolio may be placed with any single financial institution excluding U.S. government securities and those issued by government sponsored enterprises, savings, money market funds, SLGS, City judgments, and repurchase agreements.

Portfolio Structure (1)

Investment Type Limitations Percentage of Total Invested Principal		Maturity Limitations Percentage of Total Invested Principal	
	Maximum % (2)		Maximum % (4)
Repurchase agreements	100.0%	0-1 year	100%
U.S. Treasury securities (3)	100.0	1-3 years	90
Certificates of deposit	50.0	3-5 years	90
Money market funds	100.0		
Savings accounts	100.0		
U.S. noncallable agencies securities	100.0		
U.S. Callable Agency Securities	20.0		
Prime Commercial Paper	7.5		
City judgments	5.0		

(1) Specifically matched cash flows are excluded.

(2) For investments listed, there is no minimum percentage specified under the policy.

(3) Includes SLGS.

(4) For maturities limited to 0-1 year, the minimum percentages allowed under the policy are 5-25%.

The policy also allows surplus cash, certificates of deposit, and repurchase agreements to be collateralized with securities with longer maturities if such maturity does not exceed ten years.

Securities Held by Others

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Policy provides that investment collateral is held by a third party custodian with whom the City has a current custodial agreement in the Authority's name or be held in the name of both parties by the Federal Reserve Bank servicing Oklahoma. The Authority's unrestricted investments are insured or collateralized with securities held by the Authority, or its agent in the Authority's name.

Bond Indentures Restrictions

The bond indentures provide that investments mature in no more than six to sixty months, depending on the purpose of the funds and the requirements of the account in which funds are deposited.

Golf System Revenue Bonds

The bond indenture for the golf courses restricts investing to governmental obligations; governmental obligations which have been stripped of their unmatured interest coupons and interest coupons which have been stripped from governmental obligations, provided that such obligations must be held by a third party; bonds, debentures, notes, or evidence of indebtedness issued by the: bank for cooperatives, federal home loan banks, federal land bank, federal financing bank, Federal National Mortgage Association, Government National Mortgage Association, Student Loan Marketing Association; interest-bearing time or demand deposits, certificates of deposit or similar banking arrangements with any government securities dealer; certificates of deposit secured by collateral described in (1) and (2) above; investments fully insured by Federal depository insurance; repurchase agreements; money market accounts; commercial paper; shares of mutual funds; advanced refunding municipal bonds; and guaranteed investment contracts.

Fairgrounds Hotel Tax Revenue Bonds

The bond indenture for the Fairgrounds restricts investing to governmental obligations; bonds, debentures, notes or evidence of indebtedness issued by the: export – import bank, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing and Urban Development, Federal Housing Administration; bonds or notes issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; commercial paper; money market accounts; advanced refunding municipal bonds; and certificates of deposit.

Restricted Deposits and Investments

	Golf System Revenue Bonds	Fairgrounds Hotel Tax Revenue Bonds
Bond principal and interest	$671,091	$2,985,886
Construction accounts	7,035,289	2,441,839
Bond reserve	455,689	1,077,069
	$8,162,069	**$6,504,794**

Compliance with State Requirements

Authority investment policy and the bond Indentures, as well as the pension trust policy, are more restrictive than the requirements of Oklahoma law found in Title 60 of the Oklahoma Statutes and the standards of the Oklahoma Uniform Prudent Investor Act. These statutes restrict public Department investing to the Prudent Investor Rule defined by Title 60 Oklahoma Statutes to consider the purposes, terms, distribution requirements, and other circumstances of the trust and to exercise reasonable care, skill, and caution. Investment decisions must be evaluated not in isolation, but in the context of the trust portfolio as a whole and as a part of the overall investment strategy having risk and return objectives reasonably suited to the Department.

II. B. RECEIVABLES AND UNCOLLECTIBLE AMOUNTS

Accounts Receivable

Governmental activities	
Ticket and event receivables	$881,825
Lease revenues receivables	75,000
Business improvement district advance funding	162,886
	$1,119,711
Business-type activities	
Golf course miscellaneous receivables	**$508**

Property Taxes Receivable

Revenues include TIF property tax collections. TIF property taxes are designated TIF districts paid directly to the Trust. Taxes levied annually on November 1 are due one-half by December 31 and one-half by March 31. Major tax payments are received December through April. Lien dates for real property are in June and October, respectively. Property taxes receivable and related revenue include all amounts due the Trust regardless of when cash is received. Over time, substantially all property taxes are collected. In 2013, the Authority recognized $1,178 in property taxes receivable.

II. C. INVENTORIES

Golf Courses	
Restaurant inventory	$40,626
Cart barn and driving range supplies	48,147
Maintenance and janitorial supplies	294,401
	$383,174
OCPPA General Purpose	
Food and beverage items and other supplies	166,319
	$549,493

II. D. PREPAID ASSETS

Prepaid expenses of $85,533 reported with governmental activities include payments to vendors that benefit future reporting periods.

Within business-type activities, with the issuance of Series 2005 and 2007 fairgrounds bonds, the Authority purchased prepaid bond insurance of $673,610 and $261,199, respectively. Of these amounts $323,740 and $72,161, respectively, has been recognized and expensed as of June 30, 2013 leaving a balance of $538,908 prepaid including $46,443 due within one year.

II. E. CAPITAL ASSETS

Changes in Capital Assets

	Capital Assets, not depreciated			Capital Assets, depreciated				
	Land and Art	Construction In Progress	Total Capital Assets, not depreciated	Buildings	Improvements Other Than Buildings	Furniture, Machinery, and Equipment	Total Capital Assets, depreciated	Total Capital Assets, net
Primary Authority								
Governmental Activities								
CAPITAL ASSETS								
Balance, June 30, 2012								
As previously reported	$6,828,955	$5,840,431	$12,669,386	$45,428,432	$45,546,529	$13,980,925	$104,955,886	$117,625,272
Prior period adjustment	-	-	-	(631,695)	-	-	(631,695)	(631,695)
As restated	6,828,955	5,840,431	12,669,386	44,796,737	45,546,529	13,980,925	104,324,191	116,993,577
Increases	281,951	147,092	429,043	5,600,522	23,879	389,352	6,013,753	6,442,796
Decreases	(34,755)	(5,715,290)	(5,750,045)	(168,386)	(52,801)	(1,920)	(223,107)	(5,973,152)
Balance, June 30, 2013	7,076,151	272,233	7,348,384	50,228,873	45,517,607	14,368,357	110,114,837	117,463,221
ACCUMULATED DEPRECIATION								
Balance, June 30, 2012								
As previously reported				1,792,613	8,721,386	5,096,492	15,610,491	15,610,491
Prior period adjustment				(62,524)	-	-	(62,524)	(62,524)
As restated				1,730,089	8,721,386	5,096,492	15,547,967	15,547,967
Increases				1,108,911	1,666,124	1,356,507	4,131,542	4,131,542
Decreases				(8,695)	(22,400)	(1,921)	(33,016)	(33,016)
Balance, June 30, 2013				2,830,305	10,365,110	6,451,078	19,646,493	19,646,493
Total governmental activities	**7,076,151**	**272,233**	**7,348,384**	**47,398,568**	**35,152,497**	**7,917,279**	**90,468,344**	**97,816,728**

	Capital Assets, not depreciated			Capital Assets, depreciated				
	Land and Art	Construction In Progress	Total Capital Assets, not depreciated	Buildings	Improvements Other Than Buildings	Furniture, Machinery, and Equipment	Total Capital Assets, depreciated	Total Capital Assets, net
Business-type Activities								
CAPITAL ASSETS								
Balance, June 30, 2012								
As previously reported	2,004,837	10,909,846	12,914,683	29,603,521	74,279,329	7,938,467	111,821,317	124,736,000
Prior period adjustment	-	-	-	(634,882)	(1,197,987)	-	(1,832,869)	(1,832,869)
As restated	2,004,837	10,909,846	12,914,683	28,968,639	73,081,342	7,938,467	109,988,448	122,903,131
Increases	-	4,427,652	4,427,652	1,229,232	-	170,525	1,399,757	5,827,409
Decreases	-	(1,657,563)	(1,657,563)	(1,206,573)	(5,716)	(916,583)	(2,128,872)	(3,786,435)
Balance, June 30, 2013	2,004,837	13,679,935	15,684,772	28,991,298	73,075,626	7,192,409	109,259,333	124,944,105
ACCUMULATED DEPRECIATION								
Balance, June 30, 2012								
As previously reported				5,141,951	33,916,956	5,059,615	44,118,522	44,118,522
Prior period adjustment				(47,339)	(189,491)	-	(236,830)	(236,830)
As restated				5,094,612	33,727,465	5,059,615	43,881,692	43,881,692
Increases				1,182,672	5,417,047	835,943	7,435,662	7,435,662
Decreases				(839,307)	(489,768)	(812,051)	(2,141,126)	(2,141,126)
Balance, June 30, 2013				5,437,977	38,654,744	5,083,507	49,176,228	49,176,228
Total business-type activities	**2,004,837**	**13,679,935**	**15,684,772**	**23,553,321**	**34,420,882**	**2,108,902**	**60,083,105**	**75,767,877**
Total primary Authority	**$9,080,988**	**$13,952,168**	**$23,033,156**	**$70,951,889**	**$69,573,379**	**$10,026,181**	**$150,551,449**	**$173,584,605**

Depreciation Expense

Governmental Activities		Business-type Activities	
General government	$5,353	Golf courses	$1,257,664
Culture and recreation	3,818,588	Fairgrounds	6,177,998
Public services	307,601	Financial Services	-
	$4,131,542		**$7,435,662**

Capitalized Interest

	Total Interest Costs Incurred	Interest Revenue Used to Offset Interest Costs	Capitalized Interest
Business-type Activities			
Fairgrounds	**$4,079,920**	**$ -**	**$533,849**

II. F. DEFERRED OUTFLOWS OF RESOURCES

Deferred Amounts on Refunding

Deferred charges on refunding of bond results from a difference in the carrying value of refunded debt to its reacquisition price. Deferred amounts on refunding are amortized over the shorter of the life of the refunded or refunding debt. At June 30, 2013, $1,873 is deferred.

III. LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

III. A. UNEARNED REVENUES

Within governmental activities, the Authority has unearned revenue of $4,640,603 at the end of the fiscal year. The unearned revenue recorded is related to the presale of tickets for future events at the Civic Center Music Hall and SMG operations for the Cox Convention Center and Chesapeake Energy Arena. Presale tickets recorded for the Civic Center Music Hall and SMG are $423,282 and $4,217,321, respectively.

III. B. COMPENSATED ABSENCES

Compensated absences balances changed from 2012 to 2013 by accruals of $114,401 and usages of $104,217.

III. C. LONG-TERM NOTES PAYABLE

Capital Financing Note Payable

On April 25, 2006, the Authority approved issuance of a capital financing note for the downtown underground improvement project relating to the funding of infrastructure improvements within the underground special improvement and assessment district. The downtown underground consists of a system of pedestrian tunnels used for below surface access to retail shops, restaurants, and other commercial outlets located in the tunnels, as well as, surface venue access through underground pedestrian routes protected from the weather and traffic. On May 11, 2006, the Authority issued the note to Bank of America Leasing and Capital LLC for $2,000,000 at an annual fixed rate of 6.364% with principal and interest payable August 1 for ten years, beginning August 1, 2007. At June 30, 2013 the balance due was $616,345 and $18,267 accrued interest.

Non-interest Bearing Note Payable

The Authority received a non-interest bearing loan of up to $780,000 from the Oklahoma Department of Commerce on November 2, 2004, for the remediation of hazardous waste materials in the Skirvin Hotel. Repayment of the loan was deferred for five years. Annual payments of $5,000 commenced February 1, 2010. A loan origination fee of $15,600 will apply if the loan is not repaid in full prior to November 14, 2014. At June 30, 2013 the Authority has drawn $697,911 against the total. The balance is reported in the Authority-wide statements as notes payable, non-current.

Notes Payable Payment Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2014	$144,919	$39,856	$184,775
2015	841,879	30,808	872,687
2016	158,601	21,175	179,776
2017	168,857	10,919	179,776
	$1,314,256	**$102,758**	**$1,417,014**

III. D. REVENUE BONDS

Bond Issuances

On July 11, 2012 the Series 2012 golf bonds were issued for $7,565,000 to improve Lincoln Park Golf Course. The Series 2012 golf bonds less issue costs of $75,115 will be used to supplement the City 2010 general obligation bond amount of $2,250,000 to be used for construction and renovation of the course facilities.

Golf Course Revenue Bonds

On September 1, 2010, the Series 2010 bonds were issued for $8,465,000 and the proceeds were transferred to the Series 1998 bond fund redemption trust account and were used to call the Series 1998 bonds on October 1, 2010. Series 2010 bonds, less issue costs of $68,979, along with the debt service reserve for the Series 1998 bonds of $954,625 and the balance of principal account of $450,000 were used to defease the Series 1998 bonds balance of $9,780,000 leaving a balance of $20,656 which is to be used for future projects. The Series 2010 bond issue interest rate is 3.15%.

Fairgrounds Hotel/Motel Tax Revenue Bonds

On December 14, 2004, City voters approved a 5.5% hotel tax for the purpose of encouraging, promoting and fostering convention and tourism for the City. Pursuant to the security agreement, the City agrees on a year to year basis to transfer the hotel tax revenues to the Authority.

On April 1, 2005, Series 2005 bonds were issued in the amount of $54,820,000 by the Authority for the purposes of financing costs of the construction and renovation of fairgrounds facilities to include parking and infrastructure improvements, establish a reserve fund, and pay certain issuance costs of the bonds.

The bonds are limited obligations of the Authority payable solely from the trust estate pledged under the indenture consisting of the convention and tourism development portion and the fairgrounds development portion of the hotel tax revenues received by the Authority from the City pursuant to the security agreement described below. Interest on the bonds is payable each April 1 and October 1, commencing April 1, 2006. The indenture requires the use of project, principal, interest, and reserve accounts.

The fairgrounds are owned by the City and leased to the Authority pursuant to a lease agreement dated November 1, 1961, as amended. The term of the lease has been extended for as long as the bonds remain outstanding.

On August 1, 2007, the Authority issued $20 million in Series 2007A bonds with an average interest rate of 4.24%. Total proceeds included $322,145 in discount. Issuance costs were $396,920. Net proceeds of $19,280,935 are used to fund various fairgrounds renovations, primarily the Norick Coliseum, the prime location for all equine events. Other significant uses of funds include a new gateway, security fencing, transportation trams, and parking lots and associated drainage.

On October 1, 2011, the Authority issued $9,285,000 in Series 2011 bonds. The proceeds of $9,183,007 from the bonds, less $183,007 in issuance costs, will be used to finance the construction and renovation of the fairgrounds facilities.

On October 30, 2012, the Authority issued $3,000,000 in Series 2012 bonds for the purpose of financing the cost of a covered outdoor arena at the Fairgrounds. The bonds mature on October 1, 2017. Bond payments commence on October 1, 2013. The interest rate for the bond until maturity is 1.43%.

Bonded Debt Service Requirements to Maturity

Golf System Bonds

	Golf System Series 2010			Golf System Series 2012		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2014	$525,000	$227,666	$752,666	$210,000	$242,638	$452,638
2015	540,000	210,893	750,893	215,000	240,015	455,015
2016	555,000	193,646	748,646	220,000	235,665	455,665
2017	575,000	175,849	750,849	220,000	231,265	451,265
2018	595,000	83,396	678,396	230,000	225,615	455,615
2019-2023	3,250,000	564,638	3,814,638	1,245,000	1,019,700	2,264,700
2024-2028	1,450,000	45,990	1,495,990	1,455,000	951,036	2,406,036
2029-2033	-	-	-	1,710,000	418,061	2,128,061
2034-2038	-	-	-	2,060,000	204,625	2,264,625
	$7,490,000	$1,502,078	$8,992,078	$7,565,000	$3,768,620	$11,333,620

Fairgrounds Bonds

	Fairgrounds Series 2005			Fairgrounds Series 2007A		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2014	$1,630,000	$2,457,600	$4,087,600	$415,000	$754,850	$1,169,850
2015	1,875,000	2,369,975	4,244,975	280,000	740,950	1,020,950
2016	1,970,000	2,273,850	4,243,850	145,000	732,450	877,450
2017	2,070,000	2,172,850	4,242,850	145,000	726,650	871,650
2018	2,175,000	2,066,725	4,241,725	155,000	720,650	875,650
2019-2023	12,795,000	8,430,414	21,225,414	860,000	3,499,140	4,359,140
2024-2028	16,790,000	4,429,598	21,219,598	1,065,000	3,293,549	4,358,549
2029-2033	8,060,000	428,663	8,488,663	9,465,000	2,669,138	12,134,138
2034-2038	-	-	-	4,645,000	52,257	4,697,257
	$47,365,000	$24,629,675	$71,994,675	$17,175,000	$13,189,634	$30,364,634

(continued)

Fairgrounds Bonds *(continued)*

	Fairgrounds Series 2011			Fairgrounds Series 2012		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2014	$110,000	$373,044	$483,044	$600,000	$38,610	$638,610
2015	115,000	370,794	485,794	600,000	30,030	630,030
2016	115,000	368,206	483,206	600,000	21,450	621,450
2017	120,000	365,269	485,269	600,000	12,870	612,870
2018	125,000	361,894	486,894	600,000	4,290	604,290
2019-2023	675,000	1,745,141	2,420,141	-	-	-
2024-2028	815,000	1,599,197	2,414,197	-	-	-
2029-2033	5,360,000	981,422	6,341,422	-	-	-
2034-2038	1,745,000	161,213	1,906,213	-	-	-
	$9,180,000	**$6,326,180**	**$15,506,180**	**$3,000,000**	**$107,250**	**$3,107,250**

Revenue Bonds Outstanding

	Amount Issued	Interest Rate %	Issue Date	Principal Maturity Date	Balance
Golf System, Series 2010	$8,465,000	3.25 - 5.25	9-1-10	10-1-23	$7,490,000
Golf System, Series 2012	7,565	0.45-3.85	7-11-12	10-1-37	7,565,000
Fairgrounds, Series 2005	52,820,000	4.0 - 5.5	4-1-05	10-1-30	47,365,000
Fairgrounds, Series 2007A	20,000,000	4.0 - 4.5	8-1-07	10-1-34	17,175,000
Fairgrounds, Series 2011	9,285,000	2.0-4.5	10-1-11	10-1-36	9,180,000
Fairgrounds, Series 2012	3,000,000	1.43	11-29-12	10-1-17	3,000,000
					$91,775,000

Bond Coverage

	Golf System Series 2010	Fairgrounds Series 2005, 2007A, and 2011
Gross revenue, including non-operating revenues and transfers in	$9,802,222	$7,529,919
Direct operating expenses, excluding other post-employment benefit expense, depreciation and amortization	8,251,916	122,609
Net revenue available for debt service	**$1,550,306**	**$7,407,310**
Principal amounts	$800,000	$2,045,000
Interest amounts	408,356	3,697,032
Total debt service requirements	**$1,208,356**	**$5,742,032**
Revenue bond coverage	**1.3**	**1.3**

The bond indentures require the payment of principal and interest before any other expenditures may be made. Gross revenues and expenses exclude James E. Stewart Golf Course. In addition, depreciation and amortization expenses are excluded from the direct operating expenses as they do not affect funds available for debt service. The required revenue bond coverage is 1.1 for golf bonds. There is no required revenue bond coverage for fairground bonds.

III. E. CHANGES IN LONG-TERM DEBT

	Balance July 1, 2012	Issued	Retired	Balance June 30, 2013	Due Within One Year	Due After One Year
Primary Authority						
Governmental Activities						
Notes payable	$1,450,677	$ -	$136,421	$1,314,256	$144,920	$1,169,336
Business-type Activities						
COMPENSATED ABSENCES						
Golf Courses Fund	201,872	114,401	104,217	212,056	66,720	145,336
REVENUE BONDS						
Golf Courses Fund	7,995,000	7,565,000	505,000	15,055,000	735,000	14,320,000
Fairgrounds Fund	75,765,000	3,000,000	2,045,000	76,720,000	2,755,000	73,965,000
Total revenue bonds	83,760,000	10,565,000	2,550,000	91,775,000	3,490,000	88,285,000
Total business-type activities	**83,961,872**	**10,679,401**	**2,654,217**	**91,987,056**	**3,556,720**	**88,430,336**
Total primary Authority	**$85,412,549**	**$10,679,401**	**$2,790,638**	**$93,301,312**	**$3,701,640**	**$89,599,672**

III. F. SEGMENT INFORMATION AND PLEDGED REVENUES

Authority issued revenue bonds to support its golf course activities and fairgrounds improvements. The Authority financial statements report revenue-supported debt. The Authority recognized $8,914,707 in golf course revenues and $7,521,750 in hotel/motel tax transfers to the Fairgrounds fund in 2013.

III. G. ARBITRAGE COMPLIANCE

Proceeds from tax-exempt revenue bonds issued after September 1, 1986, are subject to the 1986 Tax Reform Act. The Authority invests, records, and reports these proceeds in the manner set forth by the U.S. Treasury and Internal Revenue Service to maintain the tax-exempt status of the bonds. The Authority did not have an arbitrage liability as of June 30, 2013.

III. H. DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue

Unavailable revenue in the governmental fund financial statements includes revenue received more than 60 days following year-end (unavailable to pay liabilities of the current period). At June 30, 2013, revenue earned but unavailable by governmental activities is $76,177.

IV. FUND EQUITY

Prior Period Adjustment

In 2013, the City conducted a biennial inventory of capital assets. During the inventory and through subsequent research, several assets were identified that had been capitalized in error and did not meet the definition for capitalization by the Authority. A prior period adjustment has been recorded to remove the assets, net of related accumulated depreciation. The effect of the prior period adjustment resulted in a restatement of beginning of year net position in governmental and business-type activities and the OCPPA Fairgrounds Fund.

		Business-Type Activities
	Governmental Activities	OCPPA Fairgrounds Fund
Restatement of beginning net position		
Capital assets	$631,695	$1,832,869
Accumulated depreciation	(62,524)	(236,830)
	$569,171	**$1,596,039**
Effect on 2012 previously reported changes in net position	**$15,160**	**$129,330**

Change in Accounting Principle

Implementation of New Accounting Standard

Effective July 1, 2012, the Trust implemented GASB statement number 65, Items Previously Reported as Assets and Liabilities. This statement redefines certain financial elements previously reported as assets and liabilities as deferred outflows and deferred inflows of resources. In addition, the statement changes the method of reporting debt issuance costs. Prior to implementation of GASB statement number 65, the Trust reported debt issuance costs, including costs related to bond insurance, as deferred debt expense which was capitalized and amortized over the life of the debt. Deferred debt expense was reported as a non-current asset on the statement of net position. In GASB statement number 65, bond issuance costs, excluding bond insurance costs which should be treated as a prepaid asset, are to be recognized in the period of the debt issue. This resulted in a restatement of previously reported net position.

Deferred debt expense (as previously reported)	$1,072,526
Less: Bond insurance costs reported with prepaid expenses	(586,840)
	$485,686

IV. A. FUND BALANCE

Non-spendable Fund Balance

Inventories	$166,319
Prepaids	85,533
	$251,852

Restricted Fund Balance

Restricted for TIF districts	$2,914
Restricted for special improvement districts	$17,079
Restricted for NBA operations	635
Restricted for Cox Convention Center maintenance	360,874
Restricted for NBA practice facility	150,108
Restricted for Chesapeake Energy Arena maintenance	1,557,802
Restricted for sports facility maintenance and improvements	23,608
	$2,113,020

Committed Fund Balance

Committed for metropolitan area projects use tax capital projects	**$228,012**

Assigned Fund Balance

Assigned for fairgrounds electricity	$128,099
Assigned for Civic Center promotions	100,651
Assigned for water taxi and canal operations	12,352
Assigned for non-capital equipment replacement	269,994
Assigned for SMG operations	3,622,803
Assigned for Oklahoma River sediment removal	626,345
Reallocation for negative unassigned fund balance	(1,005,248)
	$3,754,996

Unassigned

Unassigned	($1,005,248)
Reallocation of negative unassigned fund balance	1,005,248
	$ -

IV. B. NET POSITION

Net Investment in Capital Assets

	Governmental Activities	*Business-type Activities*
Capital assets, net	$97,816,728	$75,767,877
Retainages and capital related accounts payable	(42,784)	(1,183,858)
Bonds payable, net	-	(93,135,201)
Bond accounts funded with bond proceeds	-	9,931,830
Bond issuance costs paid from bond proceeds	-	1,815,583
	$97,773,944	**($6,803,769)**

Restricted for Capital Projects

	Governmental Activities	*Business-type Activities*
Sports facility sales tax capital projects	$173,716	$ -
Bond construction account	-	9,477,128
Bond construction account funded with bond proceeds	-	(9,476,140)
	$173,716	**$988**

Restricted for Debt Service

	Governmental Activities	*Business-type Activities*
Bond principal and interest accounts	$ -	$3,656,976
Bond reserve accounts	-	1,532,758
Bond reserve funded with bond proceeds	-	(455,690)
Current bond interest payable	-	(1,037,047)
	$ -	**$3,696,997**

Restricted for Culture and Recreation

	Governmental Activities	*Business-type Activities*
Restricted for NBA operations	$635	$ -
Restricted for Cox Convention Center maintenance	360,874	-
Restricted for Chesapeake Energy Arena maintenance	1,557,793	-
	$1,919,302	**$ -**

Restricted for Public Services

	Governmental Activities	*Business-type Activities*
Restricted for TIF districts	**$2,920**	**$ -**

Unrestricted

	Governmental Activities	*Business-type Activities*
Unrestricted	**$3,038,380**	**($100,204)**

V. REVENUES AND EXPENSES

Lease Revenues

Cox Convention Center and Civic Center facilities are rented during the year for only a short period of time.

VI. INTERFUND TRANSACTIONS

All activity between governmental and business-type, activities are eliminated and any residual balances outstanding between the activities are reported in the Authority-wide financial statements as internal balances.

VI. A. INTERFUND BALANCES

Due Within the Golf Courses

Amounts due within the golf courses represent unpaid balances from the golf courses to the golf system for daily revenue surcharges, equipment fund, operating reserve and administrative charges for equipment purchases, additional expenses, and debt service payments.

	Golf Courses Fund						
	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James Stewart	Golf Course System	Total
DUE FROM							
Lake Hefner	$ -	$385	$693	$386	$ -	($61,645)	($60,181)
Lincoln	867	-	-	517	-	(72,037)	(70,653)
Trosper	-	-	-	-	-	(23,307)	(23,307)
Earlywine	-	-	-	-	-	(24,449)	(24,449)
Golf Course System	61,645	72,037	23,307	24,449	-	-	181,438
	$62,512	**$72,422**	**$24,000**	**$25,352**	**$ -**	**($181,438)**	**$2,848**

	Golf Courses Fund						
	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James Stewart	Golf Course System	Total
DUE TO							
Lake Hefner	$ -	$867	$ -	$ -	$ -	$ -	$867
Lincoln	385	-	-	-	-	-	385
Trosper	693	-	-	-	-	-	693
Earlywine	386	517	-	-	-	-	903
	$1,464	**$1,384**	**$ -**	**$ -**	**$ -**	**$ -**	**$2,848**

Due Within the Authority

At June 30, 2013, the Golf Courses Fund had an amount due to the Financial Services Fund of $414 for unpaid natural gas charges.

Due Within the City

		Governmental Activities	Business-Type Activities			
	Purpose	General Purpose Fund	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	Total
Due From						
City General Fund	Operating subsidies, administration charges, facility maintenance, and natural gas charges	$37,254	$16,000	$ -	$47,209	$63,209
City MAPS Fund	Facility maintenance	52,038	-	-	-	-
City Information Technology	Natural gas charges	-	-	-	341	341
City Stormwater	Natural gas charges	-	-	-	413	413
City Fleet Services Fund	Natural gas charges	-	-	-	9,095	9,095
City Airports Fund	Natural gas charges	-	-	-	2,392	2,392
		$89,292	**$16,000**	**$ -**	**$59,450**	**$75,450**
Due To						
City General Fund	Business Manager Salary Reimbursment, utilities, public works charges	$ -	$89,153	$41,549	$ -	$130,702
City Information Technology Fun	Tower rent	130	-	-	-	-
City Stormwater Drainage Fund	Public works charges	358	-	544	-	544
		$488	**$89,153**	**$42,093**	**$ -**	**$131,246**

Advances Within the Golf Courses

Advance from Lake Hefner to Lincoln

During 2001, Lincoln Park Golf Course received an advance from Lake Hefner Golf Course in the amount of $155,000. The loan was used for operations due to the renovation of the golf course. The balance of this advance is $60,000 as of June 30, 2013.

Advance from Lake Hefner to Trosper

During 2001, Trosper Park Golf Course received an advance from Lake Hefner Golf Course in the amount of $110,000. The purpose of the advance was for operations due to the renovation of the golf course green. The balance of this loan is $49,500 as of June 30, 2013.

Advances Within the City

	Advance to (from)				
	City General Fund	City and Schools Use Tax Fund	City Special Districts Fund	OCMFA Service Fund	Total
Governmental Activities					
General Purpose Fund	$955,850	$3,150,944	$648,846	$ -	$4,755,640
Business-Type Activities					
Golf Courses Fund	-	-	-	109,733	109,733
	$955,850	**$3,150,944**	**$648,846**	**$109,733**	**$4,865,373**

TIF District #6 Advance

On October 14, 2008 the Authority received $1,031,653 from the City City and Schools Use Tax Fund. The funds were used to repay the LOC related to Tax Incremental Financing District #6. The loan is to be repaid by the City General Fund and the General Purpose Fund over a seven year period at an interest rate of 2%. Once the Authority has repaid the scheduled amount to the City City and Schools Use Tax Fund, it is anticipated that the City General Fund will be repaid. The balance of the loan at June 30, 2013 is $1,037,028 including accrued interest of $79,116.

Hockey Advance

On February 16, 2010 the Authority received $3,200,000 from the City City and School Use Tax Fund. The funds are to be used for the Cox Convention Center facility renovations and upgrade. The loan is to be repaid from revenues generated and collected by SMG under the extended use license agreement with Prodigal Hockey, LLC and from other Cox Convention Center events. The replenishment to the City and Schools Capital Projects Use Tax Fund with an interest rate of 4.19% will be over a 10-year period. The balance of the loan at June 30, 2013 is $3,069,766 including $39,997 in accrued interest.

Annual Advance Payment Requirements to Maturity

	TIF District #6 Advance						Hockey Advance		
	City City and Schools Use Tax Fund			City General Fund			City City and Schools Use Tax Fund		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2014	$27,374	$ -	$27,374	$ -	$ -	$ -	$439,997	$126,947	$566,944
2015	33,854	-	33,854	-	-	-	400,000	110,187	510,187
2016	19,949	-	19,949	-	-	-	400,000	93,427	493,427
2017	-	-	-	876,735	79,116	955,851	400,000	76,667	476,667
2018	-	-	-	-	-	-	400,000	59,907	459,907
2018-2021	-	-	-	-	-	-	1,029,769	79,162	1,108,931
	$81,177	$ -	$81,177	$876,735	$79,116	$955,851	$3,069,766	$546,297	$3,616,063

Cost Reimbursement Advance From City Special Districts Fund

The City Special Districts Fund assesses property owners to fund services that confer a special benefit upon property within a designated district, such as street sweeping and landscaping. The contracts for these services are managed by the Authority and reimbursed by the City Special Districts Fund. The advance represents funds received in excess of funds expended at June 30, 2013.

Beginning balance	$378,586
Other services	(1,632,332)
Investment income	218
Other non operating revenue	(35,053)
Reimbursement from the City	1,937,427
	$648,846

Advance From OCMFA
In February 2001, a loan for $407,253 from the OCMFA workers' compensation reserves to the Authority was approved for reconstruction of the greens at Trosper Park Golf Course. The loan was repaid from a $1 per golf round surcharge increase, which was approved by resolution at the same time as the loan. The loan was refinanced in November 2004 for a longer period, at a lower interest rate of 4.6%, with the final payment made in March 2012.

On February 26, 2008 a loan for $1,270,000 from the Worker's Compensation Reserves to the Authority was approved for the purchase of new golf carts. The loan was made to 3 golf courses as follows:

Earlywine Park Golf Course	$485,000
Lincoln Park Golf Course	505,000
Trosper Park Golf Course	280,000

The loan will be repaid over six years at an annual rate of 3.67% beginning April 1, 2008 with the final payment due March 1, 2014. The principal due at June 30, 2013 is $109,733 with accrued interest of $453.

VI. B. INTERFUND TRANSFERS

Transfers Within the Golf Courses

Transfers within the golf courses include operating transfers for daily surcharges on golf rounds played, reimbursement of expenses on behalf of other courses including the reimbursement of the salary for the golf course buyer. Additionally transfers include operating reserve, equipment fund and administrative charges from each course to the golf system for additional expenses, new equipment purchases and water expenses from the City.

	Golf Courses Fund						
	Lake Hefner Golf Course	Lincoln Park Lincoln Park	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total
Lake Hefner	$ -	$13,090	$10,762	$3,718	$ -	$481,864	$509,434
Lincoln	(13,086)	-	(76)	(5,883)	(55)	476,194	457,094
Trosper	(10,762)	76	-	-	-	38,306	27,620
Earlywine	(3,718)	5,883	-	-	-	311,402	313,567
James E. Stewart	-	54	-	-	-	-	54
Golf System	(481,867)	(476,194)	(38,306)	(311,402)	-	-	(1,307,769)
	($509,433)	**($457,091)**	**($27,620)**	**($313,567)**	**($55)**	**$1,307,766**	**$ -**

Transfers Within the City

		Governmental Activities	Business-type Activities		
	Purpose	General Purpose Fund	Golf Courses Fund	Fairgrounds Fund	Total
TRANSFER FROM					
City General Fund	Operating subsidies and administrative charges	$4,519,739	$1,280,140	$ -	$ -
City Maps Operations Fund	Operating subsidies	411,038	-	-	-
City Information Technology Fund	Tower lease	75,870	-	-	-
City Stormwater Drainage Fund	River dredging	490,000	-	-	-
City Hotel/Motel Fund	Fairgrounds debt service	-	-	7,521,750	7,521,750
		$5,496,647	**$1,280,140**	**$7,521,750**	**$7,521,750**
TRANSFER TO					
City Capital Improvement Fund	Capital projects	$1,323,891	$ -	$ -	$1,323,891
City Special Districts Fund	Debt payment funding	49,948	-	-	49,948
		$1,373,839	**$ -**	**$ -**	**$1,373,839**

Dependency on the City

Governmental activities include operating subsidies for SMG management operations, utilities, and facility maintenance from the City General Fund and facility maintenance for the Civic Center from the City MAPS Operations Fund.

Business-type activities include a subsidy from the City for the cost for water and wastewater services to the Golf Courses Fund. For the year ended June 30, 2013, the City General Fund transferred $980,930 to cover these costs. James E. Stewart Golf Course received a subsidy from the City General Fund in the amount of $299,210 for operating expenses. In addition, the City Hotel/Motel Tax Fund transfers funds for debt service on the fairgrounds bonds.

VI. C. OTHER INTERFUND TRANSACTIONS

Administrative Charges

On August 26, 2003, the Authority increased green fees of $0.25 to $0.50 and annual green fees $25.00 to $62.50. This fee will reimburse a portion of funds necessary to finance various City administrative costs and water payments associated with the operation of the golf courses. On June 23, 2009, this fee was extended through June 30, 2013. The revenue generated from the fee extensions will be deposited into each golf course operations account and transferred to the City General Fund. The administrative charges to the City for the year are as follows: Lake Hefner Golf Course $29,435; Lincoln Park Golf Course $27,830; Trosper Park Golf Course $11,007; and Earlywine Park Golf Course $20,881. These charges are reported with expenses.

In 2012, the Authority hired a business manager to manage the overall operations of the golf courses. The business manager is an employee of the City. The golf courses reimburse the City for the business manager's salary. The salary reimbursement to the City for the year are as follows: Lake Hefner Golf Course $39,592; Lincoln Park Golf Course $39,592; Trosper Park Golf Course $39,592; and Earlywine Park Golf Course $19,796. These charges are reported with expenses.

VII. DEFINED BENEFIT PENSION PLAN - OKLAHOMA CITY EMPLOYEE RETIREMENT SYSTEM (OCERS)

VII. A. PLAN DESCRIPTION

The OCERS is the administrator of a single employer defined benefit local government retirement plan for the Authority. Plan amendments and benefit provisions are established and amended by City Council action. Unless otherwise indicated, the information in this note is provided as of the latest actuarial valuation, December 31, 2012. Actuarial valuations are performed annually.

Funding Policies, Contribution Methods and Benefit Provisions

Year established and governing authority	1958; City Council Ordinance
Determination of contribution requirements	Actuarially determined
Contribution Rates:	
Employer	9.49% of covered payroll
Plan members	6.0% of covered payroll
Funding of administrative costs	Investment earnings
Period required to vest	5 years
Cost of living increases	Cost of living adjustments are compounded annually; increases must be approved by the OCERS Board
Eligibility for distribution	30 years credited service regardless of age, or age 60 with 10 years (Pre 3/67 hires), or 25 years of credited service regardless of age, or age 65 with 5 years (Post 3/67 hires), or age 55 with 5 years on a reduced basis, or 5 years service, with benefits to begin at age 65 (60 with 10 years if Pre 3/67 hire)

Funding Policy

Contribution requirements are actuarially determined and established by City Council ordinance. Beginning July 01, 2012, the employer contribution rate changed from 8.56% of covered payroll to 9.49% of covered payroll. The employee contributes 6.0% of covered payroll. Administrative costs are funded with investment earnings.

Benefit Provisions

The OCERS was established by City Council Ordinance in 1958 to hold funds in trust to provide pension, disability, and survivor benefits to its members.

Benefit provisions include both duty and non-duty disability retirement and death benefits. Average Final Compensation (AFC) determines the retirement benefit and is calculated as the highest 36 months of earned employee compensation (excluding compensation for unused vacation and sick leave and amounts elected to be deferred under Section 125 of the Internal Revenue Code) during the last 60 months of service. Generally, the normal retirement benefit is 2% of AFC for each full year of service, plus 1/12 of 2% for each whole month of a partial year of service to a maximum of 100% of AFC. There are modifications to the normal retirement benefit for early and deferred retirement, duty and non-duty disability, and death benefits.

Cost of Living Adjustments
Retirement pension may be adjusted annually for changes in the Consumer Price Index. The maximum adjustment is 2% compounded annually.

Membership

Active employees - nonvested	762
Active employees - vested	1,697
Retirees and beneficiaries currently receiving benefits	1,324
Terminated plan members entitled to but not yet receiving benefits	83
	3,866

Annual Required Contributions - Actuarial Assumptions

Valuation date	12/31/12
Actuarial cost method	Individual entry age
Amortization method	Level percentage of payroll
Amortization period	29 years, closed
Actuarial asset valuation method	4-year smoothed market
Actuarial Assumptions	
Investment rate of return	7.5%
Cost of living benefit increases (maximum)	2%
Inflation	4.0%
Projected salary increases	4.0% to 7.8%
Mortality table	1994 group annuity table set forward 1 year for women and 3 years for men

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by OCERS and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between OCERS and Plan members to that point. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions used techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

For the actuarial valuation dated December 31, 2012, the amortization period changed from 30 years, closed, to 29 years, closed. The cost of living maximum adjustment changed from 4% to 2%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and that actuarial determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

VII. B. ANNUAL PENSION COST, TREND INFORMATION, AND RESERVES

Annual Pension Cost and Trend Information

Fiscal Year	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2013	$11,320,094	100%	$ -
2012	9,614,625	100	-
2011	7,132,772	100	-

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits. The Plan held no individual investments (other than U.S. government and U.S. government guaranteed obligations) whose market value exceeds 5% or more of net assets available for benefits. There are no long-term contracts for contributions.

VII. C. FUNDING STATUS AND FUNDING PROGRESS

Actuarial value of plan assets (AVA)	$547,686,000
Actuarial accrued liability (AAL)	553,588,000
Unfunded actuarial accrued liability (UAAL)	5,902,000
Funded ratio (AVA/AAL)	99%
Covered payroll (active plan members)	114,933,000
UAAL as a percentage of covered payroll	5.1%

The required supplementary information schedules of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the AVA is increasing or decreasing over time relative to the AAL for benefits. Multi-year trend information is presented in the OCERS CAFR. The OCERS CAFR may be obtained from Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

VII. D. DEFINED CONTRIBUTION PLANS

The Authority participates in two defined contribution plans administered by the International City Manager's Association Retirement Corporation. Plan provisions and contribution requirements are established or amended by City Council resolution. The plans are money purchase plans qualified under section 401 of the Internal Revenue Code.

Participants of the first plan are comprised of eligible employees hired before September 1, 2001. The City and participants are required to contribute 8.35% and 6.0% of annual covered payroll, respectively. Participants of the first plan vest at service inception and are entitled to 100% of vested contributions

Participants of the second plan are comprised of eligible employees hired after September 1, 2001. The City and participants are required to contribute 7.0% and 6.0% of annual covered payroll, respectively. Participants of the second plan vest after 5 years of service.

The two plans include 100 participants comprised of City Council appointees and management personnel. The Authority currently has no participants in the plan.

VIII. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

VIII. A. PLAN DESCRIPTION

The Authority provides post-employment healthcare benefits for retired employees and their dependents through the City of Oklahoma City Post-retirement Medical Plan (the Plan), a single-employer defined benefit healthcare plan administered by the OCPEBT. The benefits, coverage levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The Plan issues a separate report that can be obtained from Human Resources at 420 W. Main, Suite 110, Oklahoma City, OK 73102.

Funding Policies, Contribution Methods and Benefit Provisions

Year established and governing authority	2008; City Council Ordinance
Determination of contribution requirements	City Policy
Contribution rates:	
Employer	62% of premium
Plan members	38% of premium
Funding of administrative costs	Investment earnings
Period required to vest	5 years
Eligibility for distribution	General employees are eligible for membership in the Plan if they retire from the City on or after age 55 with 5 years of service or at any age with 25 years of service. Police officers are eligible for benefits under the Plan if they retire from the City with 20 years of service. Firefighters retiring before January 1, 2003 are eligible for membership. Participation may only be elected at the time of retirement.

Funding Policy

Contribution requirements are actuarially determined and established by City Council ordinance. Beginning January 1, 2013, the employer contribution rate changed from 64% of premium to 62% of premium. The employee contributes the balance of the premium. Administrative costs are funded with investment earnings.

Benefit Provisions

The City provides post-retirement healthcare benefits to its retirees. The Plan covers all current retirees who elected post-retirement medical coverage and future retired general employees.

The City provides medical benefits either through a fully insured health plan or through a self-insured Group Indemnity Plan. Benefits include general inpatient and outpatient medical services and prescription drug coverage. General employees are eligible for membership in the Plan if they retire from the City on or after age 55 with 5 years of service or at any age with 25 years of service. Coverage for dependents can continue upon the death of the retiree. Spouses of employees who die in active service while eligible for benefits can receive coverage.

Membership

Active members	3,353
Retirees and beneficiaries currently receiving benefits	2,161
	5,514

Annual Required Contributions - Actuarial Assumptions

Valuation date	7/1/12
Actuarial cost method	Projected unit credit with linear proration to decrement
Amortization method	Level percentage of payroll
Amortization period	30 years, open
Actuarial asset valuation method	4-year smoothed market
Actuarial Assumptions	
Investment rate of return	4.9%
Blended discount rate method	The discount rate is based on the expected long-term return on the investments that are used to finance the benefit programs
Inflation rate	3%
Projected salary increases	3%
Health care trend rate	4.5% (4.5% for Medicare age)
Mortality table	RP 2000 combined mortality table projected to 2010 using scale AA

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by OCPEBT and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between OCPEBT and Plan members to that point. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions used techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and that actuarial determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

VIII. B. ANNUAL OPEB COSTS AND NET OPEB OBLIGATION, TREND INFORMATION, AND RESERVES

	Authority Funds	Total
Annual required contribution	$507,032	$32,881,008
Interest on net OPEB obligation	71,074	4,609,166
Adjustment to annual required contribution	(65,246)	(4,231,199)
Annual OPEB cost	512,860	33,258,975
Contributions made	-	(19,904,516)
Increase in net OPEB obligation	512,860	13,354,459
Net OPEB obligation, beginning of year	1,967,124	93,873,033
end of year	**$2,479,984**	**$107,227,492**

Trend Information

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$33,258,975	$19,904,516	59.8%	$107,227,492
2012	36,493,651	20,064,984	55.0	93,873,033
2011	39,786,634	18,746,938	47.1	77,444,366

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. The plans held no individual investments (other than U.S. government and U.S. government guaranteed obligations) whose market value exceeds 5% or more of net assets available for benefits. There are no long-term contracts for contributions.

VIII. C. FUNDED STATUS AND FUNDING PROGRESS

Actuarial value of plan assets (AVA)	$19,198,729
Actuarial accrued liability (AAL)	433,863,156
Unfunded actuarial accrued liability (UAAL)	414,664,427
Funded ratio (AVA/AAL)	4%
Covered payroll (active plan members)	197,922,710
UAAL as a percentage of covered payroll	209.5%

The required supplementary information schedules of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. OCPEBT financial statements including the actuarial report referred to in this note may be obtained from Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

IX. CONSTRUCTION COMMITMENTS

Construction projects are substantially funded with revenue bonds. Active construction in progress remaining commitments are composed of park improvements in government activities totaling $2,910, golf course improvements of $7,237,283, and fairgrounds improvements totaling $831,803.

X. CONTINGENCIES

The Authority is party to various legal proceedings which normally occur in operations. Any liabilities resulting from these legal proceedings are not likely to have a material adverse impact on the Authority.

Required Supplementary Information

DEFINED BENEFIT PENSION

I. SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/12	$547,686,000	$553,588,000	$5,902,000	98.9%	$114,933,000	5.1%
12/31/11	514,499,000	593,922,000	79,423,000	86.6	109,293,000	72.7
12/31/10	524,731,000	566,834,000	42,103,000	92.6	102,915,000	40.9
12/31/09	529,137,000	556,427,000	27,290,000	95.1	110,408,000	24.7
12/31/08	528,664,000	519,234,000	(9,430,000)	101.8	105,566,000	(8.9)
12/31/07	529,876,000	488,827,000	(41,049,000)	108.4	99,574,000	(41.2)

(1) Amounts are reported in even thousands

(2) Brackets indicate funding in excess of actuarial accrued liability.

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year	Employer's Contribution Rate (1)	Annual Required Contribution	Percentage Contributed
2013	9.49%	$11,320,094	100%
2012	8.56	9,614,625	100
2011	6.77	7,132,772	100
2010	6.77	5,585,595	100
2009	5.04	5,464,178	100
2008	6.16	7,211,608	100

III. NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

See Note VII. DEFINED BENEFIT PENSION PLAN - OKLAHOMA CITY EMPLOYEE RETIREMENT SYSTEM (OCERS) for actuarial assumptions and other information used to determine the annual required contributions.

OTHER POST-EMPLOYMENT BENEFITS

I. SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	$19,198,729	$433,863,156	$414,664,427	4.4%	$197,922,710	209.5%
7/1/2011	15,017,721	483,931,717	468,913,996	3.1	180,551,843	259.7
7/1/2010	11,565,753	517,681,810	506,116,057	2.2	175,293,051	288.7

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year	Employer Contribution	Annual Required Contribution	Percentage Contributed
2013	$19,904,516	$32,881,008	60.5%
2012	20,064,984	36,181,832	55.5
2011	18,746,938	39,559,528	47.4

III. NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

See Note VIII. OTHER POST-EMPLOYMENT BENEFITS (OPEB) for actuarial assumptions and other information used to determine the annual required contributions.

This Page Left Intentionally Blank

Combining Statements and Schedules

This Page Left Intentionally Blank

COMBINING STATEMENT OF NET POSITION
GOLF COURSES FUND
June 30, 2013

	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total Golf Fund
ASSETS							
CURRENT ASSETS							
Pooled cash	$ -	$ -	$ -	$ -	$ -	$731,557	$731,557
Non-pooled cash	414,886	428,811	49,058	468,249	2,855	-	1,363,859
Investments	-	-	-	-	-	8,089,081	8,089,081
Accounts receivable, net	-	-	352	156	-	-	508
Due within golf courses	(61,048)	(71,038)	(24,000)	(25,352)	-	181,438	-
Due within Authority	(399)	(15)	-	-	-	-	(414)
Due from other funds	-	-	-	-	16,000	-	16,000
Inventories	159,680	96,034	22,918	96,053	8,489	-	383,174
Total current assets	513,119	453,792	48,328	539,106	27,344	9,002,076	10,583,765
NON-CURRENT ASSETS							
Investments	-	-	-	-	-	455,689	455,689
Advances within the golf courses	109,500	(60,000)	(49,500)	-	-	-	-
Capital assets:							
Land and construction in progress	-	-	-	-	-	212,692	212,692
Other capital assets, net of accumulated depreciation	570,450	2,665,607	996,429	1,540,532	586,523	6,464	6,366,005
Capital assets, net	570,450	2,665,607	996,429	1,540,532	586,523	219,156	6,578,697
Total non-current assets	679,950	2,605,607	946,929	1,540,532	586,523	674,845	7,034,386
Total assets	**1,193,069**	**3,059,399**	**995,257**	**2,079,638**	**613,867**	**9,676,921**	**17,618,151**
DEFERRED OUTFLOWS OF RESOURCES	**-**	**-**	**-**	**-**	**-**	**1,872**	**1,872**
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	116,314	108,872	57,021	55,495	17,306	100,317	455,325
Wages and benefits payable	63,031	45,151	19,949	40,122	15,655	-	183,908
Due to other funds	-	-	-	-	-	89,153	89,153
Compensated absences	20,187	17,368	10,360	14,031	4,773	-	66,719
Bond interest payable	-	-	-	-	-	119,762	119,762
Bonds payable	-	-	-	-	-	735,000	735,000
Total current liabilities	199,532	171,391	87,330	109,648	37,734	1,044,232	1,649,867
NON-CURRENT LIABILITIES							
Compensated absences	61,102	30,683	10,619	31,686	11,246	-	145,336
Advance from other funds	-	-	42,914	66,818	-	-	109,732
Bonds payable:							
Bonds payable	-	-	-	-	-	14,320,000	14,320,000
Unamortized bond discount/premium	-	-	-	-	-	40,331	40,331
Bonds payable, net	-	-	-	-	-	14,360,331	14,360,331
Net other post-employment benefit obligation	853,842	602,641	270,748	553,411	199,342	-	2,479,984
Total non-current liabilities	914,944	633,324	324,281	651,915	210,588	14,360,331	17,095,383
Total liabilities	**1,114,476**	**804,715**	**411,611**	**761,563**	**248,322**	**15,404,563**	**18,745,250**
NET POSITION (DEFICIT)							
Net Investment in capital assets	570,450	2,664,355	996,679	1,540,533	586,437	(7,179,445)	(820,991)
Restricted for: Capital projects	-	-	-	-	-	988	988
Debt service	-	-	-	-	-	551,330	551,330
Unrestricted	(491,857)	(409,671)	(413,033)	(222,458)	(220,892)	901,357	(856,554)
Total net position (deficit)	**$78,593**	**$2,254,684**	**$583,646**	**$1,318,075**	**$365,545**	**($5,725,770)**	**($1,125,227)**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
GOLF COURSES FUND
For the Year Ended June 30, 2013

	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total Golf Fund
OPERATING REVENUES							
CHARGES FOR SERVICES							
Green fees	$1,709,475	$1,465,799	$551,030	$1,140,362	$156,049	$ -	$5,022,715
Concessions	623,262	409,781	176,509	253,834	27,194	-	1,490,580
Other charges	1,828	88	1,008	1,063	-	-	3,987
Total charges for services	2,334,565	1,875,668	728,547	1,395,259	183,243	-	6,517,282
Golf cart rentals	744,814	762,147	289,441	546,473	54,550	-	2,397,425
Total operating revenues	**3,079,379**	**2,637,815**	**1,017,988**	**1,941,732**	**237,793**	**-**	**8,914,707**
OPERATING EXPENSES							
Personal services	1,782,679	1,212,280	575,522	1,098,168	417,134	-	5,085,783
Maintenance, operations, and contractual services	392,824	413,967	193,326	285,704	101,704	1,098,127	2,485,652
Materials and supplies	601,603	569,514	174,009	326,484	90,259	-	1,761,869
Depreciation	277,669	339,978	159,244	385,987	91,803	2,983	1,257,664
Total operating expenses	**3,054,775**	**2,535,739**	**1,102,101**	**2,096,343**	**700,900**	**1,101,110**	**10,590,968**
Operating income (loss)	**24,604**	**102,076**	**(84,113)**	**(154,611)**	**(463,107)**	**(1,101,110)**	**(1,676,261)**
NON-OPERATING REVENUES (EXPENSES)							
Investment income	325	-	28	320	-	4,374	5,047
Interest on bonds and notes	-	(3,406)	(2,252)	(3,901)	-	(251,381)	(260,940)
Bond issue costs	-	-	-	-	-	(138,246)	(138,246)
Other revenues	66,219	5,804	1,724	22,699	63,991	42,885	203,322
Net non-operating revenues (expenses)	66,544	2,398	(500)	19,118	63,991	(342,368)	(190,817)
Income (loss) before transfers	**91,148**	**104,474**	**(84,613)**	**(135,493)**	**(399,116)**	**(1,443,478)**	**(1,867,078)**
TRANSFERS							
Transfers within the golf courses	(509,433)	(457,091)	(27,620)	(313,567)	(55)	1,307,766	-
Transfers from other funds	-	-	-	-	299,210	980,930	1,280,140
Total transfers	(509,433)	(457,091)	(27,620)	(313,567)	299,155	2,288,696	1,280,140
Changes in net position (deficit)	**(418,285)**	**(352,617)**	**(112,233)**	**(449,060)**	**(99,961)**	**845,218**	**(586,938)**
Total net position, beginning, as previously reported	496,878	2,607,301	695,879	1,767,135	465,506	(6,517,522)	(484,823)
Change in accounting principle	-	-	-	-	-	(53,466)	(53,466)
Total net position, beginning, as restated	496,878	2,607,301	695,879	1,767,135	465,506	(6,570,988)	(538,289)
Total net position (deficit), ending	**$78,593**	**$2,254,684**	**$583,646**	**$1,318,075**	**$365,545**	**($5,725,770)**	**($1,125,227)**

COMBINING STATEMENT OF CASH FLOWS
GOLF COURSES FUND
For the Year Ended June 30, 2013

	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total Golf Fund
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers	$3,088,959	$2,641,892	$1,019,364	$1,972,789	$237,800	$ -	$8,960,804
Cash payments to suppliers for goods and services	(988,746)	(985,397)	(391,427)	(609,037)	(147,560)	(938,521)	(4,060,688)
Cash payments to employees and professional contractors for services	(1,570,062)	(1,122,427)	(530,370)	(969,746)	(375,241)	(40,828)	(4,608,674)
Operating payments within the Department	(483,169)	(448,074)	(24,927)	(317,430)	(236)	1,273,836	-
Other cash receipts	-	-	3	295	1,559	-	1,857
Net cash provided (used) by operating activities	**46,982**	**85,994**	**72,643**	**76,871**	**(283,678)**	**294,487**	**293,299**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES							
Transfers received from other funds	-	-	-	-	283,210	975,315	1,258,525
Transfers paid to other funds	-	(170,644)	(51,782)	(90,183)	-	-	(312,609)
Net cash provided (used) by non-captal financing activities	**-**	**(170,644)**	**(51,782)**	**(90,183)**	**283,210**	**975,315**	**945,916**
CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES							
Proceeds from issuance of long-term debt	-	-	-	-	-	7,413,619	7,413,619
Payments for acquisition and construction of capital assets	(75,389)	(50,144)	-	(73,274)	-	(212,692)	(411,499)
Principal paid on long-term debt	-	-	-	-	-	(505,000)	(505,000)
Interest paid on long-term debt	-	-	-	-	-	(191,513)	(191,513)
Proceeds from sale of assets	-	189,000	-	-	-	-	189,000
Net cash provided (used) by captal and related financing activities	**(75,389)**	**138,856**	**-**	**(73,274)**	**-**	**6,504,414**	**6,494,607**
CASH FLOWS FROM INVESTING ACTIVITIES							
Payments for purchase of investments	-	-	-	-	-	(9,546,052)	(9,546,052)
Proceeds from sale of investments	-	-	-	-	-	1,847,337	1,847,337
Changes in pooled investments	-	-	-	-	-	389,385	389,385
Investment income received	325	-	28	320	-	12,294	12,967
Net cash provided (used) by investing activities	**325**	**-**	**28**	**320**	**-**	**(7,297,036)**	**(7,296,363)**
Net increase (decrease) in cash	**(28,082)**	**54,206**	**20,889**	**(86,266)**	**(468)**	**477,180**	**437,459**
Cash, beginning	442,968	374,605	28,169	554,515	3,323	254,377	1,657,957
Cash, ending	**$414,886**	**$428,811**	**$49,058**	**$468,249**	**$2,855**	**$731,557**	**$2,095,416**

COMBINING STATEMENT OF CASH FLOWS
GOLF COURSES FUND
For the Year Ended June 30, 2013

	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total Golf Fund
RECONCILIATION OF OPERATING INCOME (LOSS)							
Operating income (loss)	**$24,604**	**$102,076**	**($84,113)**	**($154,611)**	**($463,107)**	**($1,101,110)**	**($1,676,261)**
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) OPERATING ACTIVTIES							
Depreciation	277,669	339,978	159,244	385,987	91,803	2,983	1,257,664
Other revenue	10,022	7,130	1,723	23,445	63,990	93,466	199,776
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	-	2	(356)	(162)	7	-	(509)
(Increase) decrease in payments/transfers from (to) within the Department	(483,169)	(448,074)	(24,927)	(317,431)	(235)	1,273,836	-
(Increase) decrease in due from other funds	-	-	-	-	-	-	-
(Increase) decrease in inventories	(15,796)	(28,666)	(2,394)	9,893	(3,242)	-	(40,205)
(Increase) decrease in prepaid assets	-	-	-	-	-	-	-
Increase (decrease) in accounts payable	4,888	26,520	(20,276)	1,439	(14,743)	25,312	23,140
Increase (decrease) in wages and benefits payable	7,226	4,001	1,008	1,180	1,200	-	14,615
Increase (decrease) in due to other funds	(1,996)	(2,379)	(1,197)	(2,394)	-	-	(7,966)
Increase (decrease) in compensated absences	15,408	(3,982)	306	(1,628)	80	-	10,184
Increase (decrease) in net other post-employment benefit obligation	208,126	89,388	43,625	131,153	40,569	-	512,861
Total adjustments	22,378	(16,082)	156,756	231,482	179,429	1,395,597	1,969,560
Net cash provided (used) by operating activities	**$46,982**	**$85,994**	**$72,643**	**$76,871**	**($283,678)**	**$294,487**	**$293,299**

This Page Left Intentionally Blank

BKD LLP
CPAs & Advisors
Two Leadership Square South Tower // 211 N. Robinson Avenue, Suite 600 // Oklahoma City, OK 73102-9421
405.606.2580 // fax 405.600.9799 // bkd.com

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Oklahoma City Public Property Authority
Oklahoma City, Oklahoma

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 governmental activities, the business-type activities and each major fund of the Oklahoma City Public Property Authority (the Authority), a component unit of the City of Oklahoma City, Oklahoma (the City), which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 6, 2013, that contained an emphasis of matter paragraph that discloses that the financial statements have been restated and the Authority changed its method of accounting. The financial statements of The Combined Operations of the Cox Convention Center and the Chesapeake Energy Arena, as managed by SMG, which are reported within the Authority's governmental activities and general purpose fund financial statements, were not audited in accordance with *Government Auditing Standards.*

Internal Control over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the Authority's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, there can be no assurance that all material weaknesses or significant deficiencies have been identified. However, as discussed in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 13-01 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 13-02 to be a significant deficiency.

Compliance

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.*

Authority's Responses to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Other Matters

We also noted certain matters that we reported to the Authority's management in a separate letter dated December 6, 2013.

The Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* of the City should be read in conjunction with this report.

The purpose of this communication 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 compliance. This communication 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 communication is not suitable for any other purpose.

BKD, LLP

Oklahoma City, Oklahoma
December 6, 2013

Oklahoma City Public Property Authority

Schedule of Findings and Responses

Year Ended June 30, 2013

Reference Number	Finding
13-01	Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.

Condition – During 2013, the Finance Department requested that an inventory be conducted to verify the accuracy of the Authority's capital asset records. When this capital asset inventory was completed, it was determined that significant adjustments were needed to the Authority's capital asset records to remove items listed in the capital asset records that had been disposed of in prior years. This resulted in a restatement of the beginning net position in the Authority's 2013 financial statements.

Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.

Effect – Material misstatements in the financial statements resulted from errors that occurred and were not detected and/or corrected in a timely manner resulting in a restatement of the Authority's financial statements.

Cause – Capital assets have not historically been properly removed in the period that the assets were demolished or otherwise disposed of.

Recommendation – The Finance Department should continue its efforts to educate and train management throughout the City and related component units regarding appropriate capital asset accounting policies and procedures.

Views of Responsible Officials and Planned Corrective Actions – We agree. We will continue our efforts to educate and train management staff throughout the City and related component units to improve capital asset records.

Oklahoma City Public Property Authority

Schedule of Findings and Responses

Year Ended June 30, 2013

Reference Number	Finding
13-02	Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting. Condition – The Authority entered into a contract prior to June 30, 2013, which provided a significant nonrefundable fee to the Authority that was earned when the contract was signed. The payment for this nonrefundable fee was not received until after year-end. The Authority failed to record the revenue and receivable at June 30, 2013, as required by generally accepted accounting principles. Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties. Effect – Unadjusted misstatements in the financial statements resulted from this revenue recognition error that occurred and was not detected and/or corrected in the Authority's June 30, 2013, financial statements. Cause – Certain controls in the transaction review process were not in place or did not operate effectively to identify and correct this revenue recognition error. Recommendation – We recommend significant transactions and related agreements be properly reviewed by the appropriate personnel to ensure the proper accounting is accorded to these transactions and agreements. Views of Responsible Officials and Planned Corrective Actions – We agree. We have a process in place to review significant transactions and related agreements. We will continue to improve training of staff and efforts to obtain adequate levels of staffing to perform improved reviews.