

**River Parks Authority**

**Financial Statements**

and

Report of Independent Certified Public Accountants

**June 30, 2011 and 2010**

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## Report of Independent Certified Public Accountants

Board of Trustees of  
River Parks Authority

We have audited the accompanying financial statements of the business-type activities and each major fund of River Parks Authority (the "Authority") as of June 30, 2011 and 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Authority as of June 30, 2011 and 2010, and the respective results of operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information on pages 4 through 9 and 27 through 28, respectively, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2011 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 grants. 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* and should be read in conjunction with this report in considering the results of our audit.

Tulsa, Oklahoma  
December 29, 2011

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011 and 2010

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As management of the River Parks Authority (the Authority), we offer readers of the River Parks Authority's financial statements this overview and analysis of the financial activities of the River Parks Authority for the fiscal years ended June 30, 2011 and 2010.

The River Parks Authority is a proprietary fund classified as an enterprise fund used to account for business-type activities. This type of fund accounts for operations that are financed and operated in a manner similar to private business enterprises. Revenue sources of the Authority include intergovernmental contributions, easement fees, investment earnings, user charges, sales and private contributions.

### Financial Highlights

- The assets of the River Parks Authority exceeded its liabilities at the close of business June 30, 2011, by \$27,365,901 (net assets). Of this amount, \$1,401,067 (unrestricted net assets) may be used to meet the government's ongoing obligation to citizens and creditors.
- Restricted and unrestricted assets may also be used to fund other agency needs in compliance with the Board of Trustees approval in accordance with the agency's Financial Management Policy. Such needs would generally be those that could not have reasonably been anticipated at the time the annual budget was adopted or for which the adopted budget was insufficient.

### Overview of the Financial Statements

The financial statements are designed to provide readers with a broader overview of the River Parks Authority's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the River Parks Authority's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets serve as a useful indicator of changes in a government's financial position.

The *Statement of Revenues, Expenses and Changes in Net Assets* serves as the basic statement of activities, which presents information showing how the government's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., unused vacation leave). In this statement, the focus is on expenses rather than expenditures.

The *Statement of Cash Flows* provides information about the Authority's cash receipts and cash payments for the fiscal years ending June 30, 2011 and 2010. This statement reports cash receipts, cash payments, and changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the period.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011 and 2010

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### Overview of the Financial Statements - Continued

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements also include notes that explain in more detail some of the information in the financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information concerning the River Parks Authority's progress in funding its obligation to provide pension benefits to its employees.

### Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. As noted earlier, the River Parks Authority's assets exceeded liabilities by \$27,365,901 at the close of the year.

- At the end of the current year, River Parks Authority is able to report positive balances in its Operating and M.K.&T. Trail Funds, as well as in the River Park Foundation. The same situation held true for the prior year. Funding ratios by the City of Tulsa and Tulsa County fluctuated, but total funding for operations remained stable.
- The largest portion of the Authority's net assets (91 percent) reflects its investment in capital assets (e.g., land, building, machinery, and equipment). The River Parks Authority uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending.
- Capital assets increased \$1,356,511 or 6 percent over the prior year amount, primarily due to current year fixed asset additions and construction in progress.
- Change in net assets decreased \$2,031,039 or 56 percent over the net increase of the prior year, primarily due to the decreases in amounts received from private donors, as major park capital improvements projects were completed.
- During Fiscal 2011, the planned renovation of the Festival Park with 2006 City of Tulsa 3rd Penny Sales Tax Program funds remained on hold because the City of Tulsa elected to solicit proposals for commercial development of both public and private properties located north and south of the 21st Street Bridge on the west bank of the river, including the Festival Park property that is owned by the City and leased to the Authority. The City did not receive any satisfactory responses to its Request for Proposal. We will revisit this issue with the City in Fiscal 2012 and seek a determination regarding the future of this property.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2011 and 2010

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### **Financial Analysis – Continued**

- The multi-phase renovation of River Parks' recreational trail system on the east and west banks from 11th to 71st Streets is substantially complete. Two areas remaining to be renovated are (1) the east bank trail in the vicinity of I-44 which cannot be renovated until the I-44 widening project at Riverside Drive is further along, and (2) the west bank segment from the Festival Park, north to 11th Street, which is expected to begin sometime in Fiscal 2013.
- Planning continues on the future renovation of Zink Dam, which will be funded by a combination of Vision 2025 funds, State bond funds, and 4-to-Fix funds. Tulsa County's Vision 2025 consulting firm is the lead administrator for the project, in cooperation with River Parks Authority and other agencies. The consultant team is in the process of preliminary design and environmental permitting. The timetable for the project to begin construction is very tentative, with late 2013 as the present estimated construction start date.
- At the request of the Oktoberfest, Inc. governing board, the Authority assumed management responsibility for the annual German heritage festival that is the largest annual event held in River Parks. With the approval of the Authority's Board, considerable Authority staff resources were devoted to the festival's management in 2011 with the hope of returning the festival to profitability and an increased monetary benefit to the Authority.

### **Contacting the Authority's Financial Management**

If you have questions about the Authority's financial statements or need additional financial information, contact the Executive Director at 717 S. Houston, Suite 570, Tulsa, OK 74127 or call (918) 596-2001.

River Parks Authority

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2011 and 2010

River Parks Authority  
Condensed Statement of Net Assets  
As of June 30, 2011 and 2010

	Operating Fund		MK&T Sand Springs Trail Fund		Special Events		Foundation		Total	Total
	6/30/2011	6/30/2010	6/30/2011	6/30/2010	6/30/2011	6/30/2010	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Current assets	\$ 1,098,962	\$ 1,002,408	\$ 117,816	\$ 109,123	\$ -	\$ 52,565	\$ 1,543,447	\$ 1,642,868	\$ 2,760,225	\$ 2,806,964
Capital assets	25,018,576	23,662,065	-	-	-	-	-	-	25,018,576	23,662,065
Total assets	26,117,538	24,664,473	117,816	109,123	-	52,565	1,543,447	1,642,868	27,778,801	26,469,029
Total liabilities	246,738	129,444	9,427	5,879	-	7,199	156,735	532,090	412,900	674,612
Net assets										
Invested in capital assets	25,018,576	23,662,065	-	-	-	-	-	-	25,018,576	23,662,065
Unrestricted assets	852,224	872,964	108,389	103,244	-	45,366	440,454	(110,255)	1,401,067	911,319
Restricted - expendable	-	-	-	-	-	-	946,258	1,221,033	946,258	1,221,033
Total net assets	\$ 25,870,800	\$ 24,535,029	\$ 108,389	\$ 103,244	\$ -	\$ 45,366	\$ 1,386,712	\$ 1,110,778	\$ 27,365,901	\$ 25,794,417



River Parks Authority

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2011 and 2010

River Parks Authority  
Condensed Statements of Revenues, Expenses, and Changes in Net Assets  
For the Years Ended June 30, 2011 and 2010

	Operating Fund		MK&T Sand Springs Trail Fund		Special Events		Foundation		Total 6/30/2011	Total 6/30/2010
	6/30/2011	6/30/2010	6/30/2011	6/30/2010	6/30/2011	6/30/2010	6/30/2011	6/30/2010		
	Operating revenues:									
Charges for sales and services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 340,874	\$ 232,206	\$ -	\$ 232,206	\$ 340,874
Total operating revenues	-	-	-	-	-	340,874	232,206	-	232,206	340,874
Operating expenses:										
Personnel services	850,127	742,068	42,644	36,689	-	64,877	139,983	49,767	1,032,754	893,401
Material and supplies	102,698	172,899	6,445	5,903	-	276,093	123,508	22,962	232,651	477,857
Other services and charges	502,070	484,085	27,874	35,802	1,468	126,261	219,658	157,309	751,070	803,457
Depreciation	1,174,377	953,789	-	-	-	-	-	-	1,174,377	953,789
Total operating expenses	2,629,272	2,352,841	76,963	78,394	1,468	467,231	483,149	230,038	3,190,852	3,128,504
Operating income (loss)	(2,629,272)	(2,352,841)	(76,963)	(78,394)	(1,468)	(126,357)	(250,943)	(230,038)	(2,958,646)	(2,787,630)
Nonoperating revenues (expenses):										
Intergovernmental	1,204,000	1,246,800	47,567	49,470	-	-	14,105	11,235	1,265,672	1,307,505
Investment earnings	12,600	26,650	2,432	2,437	3,642	569	2,336	3,126	21,010	32,782
Fundraising	-	-	-	-	-	-	(132,904)	(289,543)	(132,904)	(289,543)
Other revenues	223,033	40,892	32,109	32,109	-	-	1,730	374	256,872	73,375
Total nonoperating revenues (expenses)	1,439,633	1,314,342	82,108	84,016	3,642	569	(114,733)	(274,808)	1,410,650	1,124,119
Income (loss) before contributions and transfers	(1,189,639)	(1,038,499)	5,145	5,622	2,174	(125,788)	(365,676)	(504,846)	(1,547,996)	(1,663,511)
Contributions	-	2,151,629	-	-	-	109,704	1,215,057	2,907,401	1,215,057	5,168,734
Capital contributions	1,904,423	97,300	-	-	-	-	-	-	1,904,423	97,300
Inter-fund transfers	620,987	1,356,998	-	-	(47,540)	(65,221)	(573,447)	(1,291,777)	-	-
Change in net assets	1,335,771	2,567,428	5,145	5,622	(45,366)	(81,305)	275,934	1,110,778	1,571,484	3,602,523
Total net assets - beginning	24,535,029	21,967,601	103,244	97,622	45,366	126,671	1,110,778	-	25,794,417	22,191,894
Total net assets - ending	\$ 25,870,800	\$ 24,535,029	\$ 108,389	\$ 103,244	\$ -	\$ 45,366	\$ 1,386,712	\$ 1,110,778	\$ 27,365,901	\$ 25,794,417

River Parks Authority

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2011 and 2010

River Parks Authority  
Condensed Statements of Cash Flow  
For the Years Ended June 30, 2011 and 2010

	Operating Fund		MK&T Sand Springs Trail Fund		Special Events		Foundation		Total	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010	6/30/2011	6/30/2010	6/30/2011	6/30/2010	6/30/2011	6/30/2010
	Net cash used in operations	\$ (1,337,598)	\$ (1,392,181)	\$ (73,414)	\$ (78,502)	\$ (8,670)	\$ (10,777)	\$ (250,943)	\$ (230,038)	\$ (1,670,625)
Net cash provided by noncapital and related financing source	1,420,642	1,313,840	101,987	78,308	7,199	109,704	1,730	374	1,531,558	1,502,226
Net cash provided by /(used) capital and related financing source	(22,088)	54,979	-	-	(54,739)	(65,222)	147,456	1,869,406	70,629	1,859,163
Net cash provided by investing activities	13,867	31,340	2,535	2,890	3,698	517	2,336	3,127	22,436	37,874
Net increase (decrease) in cash	74,823	7,978	31,108	2,696	(52,512)	34,222	(99,421)	1,642,869	(46,002)	1,687,765
Cash and cash equivalents, beginning of year	1,000,585	992,607	86,640	83,943	52,512	18,290	1,642,868	-	2,782,605	1,094,840
Cash and cash equivalent, end of year	<u>\$ 1,075,408</u>	<u>\$ 1,000,585</u>	<u>\$ 117,748</u>	<u>\$ 86,639</u>	<u>\$ -</u>	<u>\$ 52,512</u>	<u>\$ 1,543,447</u>	<u>\$ 1,642,868</u>	<u>\$ 2,736,603</u>	<u>\$ 2,782,605</u>

**FINANCIAL STATEMENTS**

River Parks Authority

**Statements of Net Assets**

June 30,

	2011	2010
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 2,736,603	\$ 2,782,605
Accrued easement fees	-	22,312
Interest receivable	622	2,047
	<u>2,737,225</u>	<u>2,806,964</u>
Noncurrent assets		
Capital assets (notes A7 and C)	<u>25,018,576</u>	<u>23,662,065</u>
Total assets	<u>\$ 27,755,801</u>	<u>\$ 26,469,029</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 90,995	\$ 517,363
Deferred revenues	100,000	55,000
Current portion of vested compensated absences	48,173	-
	<u>239,168</u>	<u>572,363</u>
Noncurrent liabilities		
Vested compensated absences, less current portion	23,727	102,249
Pension and other other employee benefit liabilities	127,005	-
Total liabilities	<u>389,900</u>	<u>674,612</u>
<b>Net Assets</b>		
Invested in capital assets	25,018,576	23,662,065
Restricted - expendable	946,258	1,221,033
Unrestricted net assets	<u>1,401,067</u>	<u>911,319</u>
Total net assets	<u>\$ 27,365,901</u>	<u>\$ 25,794,417</u>

The accompanying notes are an integral part of these financial statements.

River Parks Authority

**Statements of Revenues, Expenses and Changes in Net Assets**

Years Ended June 30,

	2011	2010
<b>Operating revenues</b>		
Charges for sales and service	\$ 232,206	\$ 340,874
<b>Operating expenses</b>		
Personnel services	1,032,754	893,401
Material and supplies	232,651	477,857
Other services and charges	751,070	803,457
Depreciation	1,174,377	953,789
Total operating expenses	<u>3,190,852</u>	<u>3,128,504</u>
Net operating expense	(2,958,646)	(2,787,630)
<b>Nonoperating revenues (expenses)</b>		
Intergovernmental	1,265,672	1,307,505
Investment earnings	21,010	32,782
Loss on disposal of fixed assets	(811)	(26,150)
Fundraising expenses	(132,904)	(289,543)
Miscellaneous revenues	257,683	99,525
Other revenues - donations	1,215,057	5,168,734
Total nonoperating revenues	<u>2,625,707</u>	<u>6,292,853</u>
Gain (loss) before contributions	(332,939)	3,505,223
<b>Capital contributions</b>	<u>1,904,423</u>	<u>97,300</u>
<b>Change in net assets</b>	1,571,484	3,602,523
<b>Total net assets - beginning of year</b>	<u>25,794,417</u>	<u>22,191,894</u>
<b>Total net assets - end of year</b>	<u>\$ 27,365,901</u>	<u>\$ 25,794,417</u>

The accompanying notes are an integral part of these financial statements.

River Parks Authority

**Statements of Cash Flows**

Years Ended June 30,

	2011	2010
<b>Cash flows from operating activities</b>		
Receipt from customers and users	\$ 232,206	\$ 461,387
Payments to suppliers for goods or services	(945,249)	(1,293,009)
Payments to employees for services	(957,582)	(879,876)
Net cash used in operating activities	<u>(1,670,625)</u>	<u>(1,711,498)</u>
<b>Cash flows from noncapital financing activities</b>		
Miscellaneous income	279,992	96,252
Receipt of subsidy from intergovernmental entities	1,251,566	1,405,974
Net cash provided by noncapital and related financing activities	<u>1,531,558</u>	<u>1,502,226</u>
<b>Cash flows from capital and related financing activities</b>		
Contributions	1,141,258	4,033,422
Purchases of capital assets	(1,076,313)	(2,177,959)
Proceeds from sale of capital assets	5,684	3,700
Net cash provided by capital and related financing activities	<u>70,629</u>	<u>1,859,163</u>
<b>Cash flows from investing activities</b>		
Interest received	22,436	37,874
Net increase (decrease) in cash and cash equivalents	<u>(46,002)</u>	<u>1,687,765</u>
<b>Cash and cash equivalent, beginning of year</b>	<u>2,782,605</u>	<u>1,094,840</u>
<b>Cash and cash equivalent, end of year</b>	<u>\$ 2,736,603</u>	<u>\$ 2,782,605</u>
<b>Reconciliation of operating income to net cash used in operating activities</b>		
Net operating expense	\$ (2,958,646)	\$ (2,787,630)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	1,174,377	953,789
Change in operating assets/liabilities:		
Increase in accounts receivable	-	120,512
Increase (decrease) in accounts payable	16,989	(11,695)
Increase in pension and other employee benefit liabilities	127,005	-
Increase (decrease) in compensated absences payable	(30,350)	13,526
Total adjustments	<u>1,288,021</u>	<u>1,076,132</u>
Net cash used in operating activities	<u>\$ (1,670,625)</u>	<u>\$ (1,711,498)</u>

The accompanying notes are an integral part of these financial statements.

River Parks Authority

**Statement of Net Assets - Proprietary Funds**

June 30, 2011

	Authority	Foundation	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,193,156	\$ 1,543,447	\$ 2,736,603
Interest receivable	622	-	622
Inter-fund receivables (payables)	23,000	(23,000)	-
	<u>1,216,778</u>	<u>1,520,447</u>	<u>2,737,225</u>
Noncurrent assets			
Capital assets (notes A7 and C)	25,018,576	-	25,018,576
	<u>25,018,576</u>	<u>-</u>	<u>25,018,576</u>
Total assets	<u>\$ 26,235,354</u>	<u>\$ 1,520,447</u>	<u>\$ 27,755,801</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 57,260	\$ 33,735	\$ 90,995
Deferred revenues	-	100,000	100,000
Current portion of vested compensated absences	48,173	-	48,173
	<u>105,433</u>	<u>133,735</u>	<u>239,168</u>
Noncurrent liabilities			
Vested compensated absences, less current portion	23,727	-	23,727
Pension and other other employee benefit liabilities	127,005	-	127,005
	<u>150,732</u>	<u>-</u>	<u>150,732</u>
Total liabilities	<u>256,165</u>	<u>133,735</u>	<u>389,900</u>
<b>Net Assets</b>			
Invested in capital assets	25,018,576	-	25,018,576
Restricted - expendable	-	946,258	946,258
Unrestricted net assets	960,613	440,454	1,401,067
	<u>25,979,189</u>	<u>1,386,712</u>	<u>27,365,901</u>

The accompanying notes are an integral part of these financial statements.

River Parks Authority

**Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds**

Year Ended June 30, 2011

	Authority	Foundation	Total
<b>Operating revenues</b>			
Charges for sales and service	\$ -	\$ 232,206	\$ 232,206
Total operating revenues	-	232,206	232,206
<b>Operating expenses</b>			
Personnel services	892,771	139,983	1,032,754
Material and supplies	109,143	123,508	232,651
Other services and charges	531,412	219,658	751,070
Depreciation	1,174,377	-	1,174,377
Total operating expenses	2,707,703	483,149	3,190,852
Net operating expense	(2,707,703)	(250,943)	(2,958,646)
<b>Nonoperating revenues (expenses)</b>			
Intergovernmental	1,251,567	14,105	1,265,672
Inter-fund transfers	573,447	(573,447)	-
Investment earnings	18,674	2,336	21,010
Loss on disposal of fixed assets	(811)	-	(811)
Fundraising expenses	-	(132,904)	(132,904)
Miscellaneous revenues	255,953	1,730	257,683
Other revenues - donations	-	1,215,057	1,215,057
Total nonoperating revenues	2,098,830	526,877	2,625,707
Gain (loss) before contributions	(608,873)	275,934	(332,939)
<b>Capital contributions</b>	1,904,423	-	1,904,423
<b>Change in net assets</b>	1,295,550	275,934	1,571,484
<b>Total net assets - beginning of year</b>	24,683,639	1,110,778	25,794,417
<b>Total net assets - end of year</b>	\$ 25,979,189	\$ 1,386,712	\$ 27,365,901

The accompanying notes are an integral part of these financial statements.



River Parks Authority

**Statement of Cash Flows - Proprietary Funds**

Year Ended June 30, 2011

	Authority	Foundation	Total
<b>Cash flows from operating activities</b>			
Receipt from customers and users	\$ -	\$ 232,206	\$ 232,206
Payments to suppliers for goods or services	(805,265)	(139,983)	(945,248)
Payments to employees for services	(614,416)	(343,166)	(957,582)
Net cash used in operating activities	<u>(1,419,681)</u>	<u>(250,943)</u>	<u>(1,670,624)</u>
<b>Cash flows from noncapital financing activities</b>			
Miscellaneous income	278,262	1,730	279,992
Receipt of subsidy from intergovernmental entities	1,251,566	-	1,251,566
Net cash provided by noncapital and related financing activities	<u>1,529,828</u>	<u>1,730</u>	<u>1,531,558</u>
<b>Cash flows from capital and related financing activities</b>			
Contributions	-	1,141,258	1,141,258
Interfund transfers	(54,739)	54,739	-
Purchases of capital assets	(27,773)	(1,048,541)	(1,076,314)
Proceeds from sale of capital assets	5,684	-	5,684
Net cash provided by (used in) capital and related financing activities	<u>(76,828)</u>	<u>147,456</u>	<u>70,628</u>
<b>Cash flows from investing activities</b>			
Interest received	20,100	2,336	22,436
Net increase (decrease) in cash and cash equivalents	<u>53,419</u>	<u>(99,421)</u>	<u>(46,002)</u>
<b>Cash and cash equivalent, beginning of year</b>	<u>1,139,737</u>	<u>1,642,868</u>	<u>2,782,605</u>
<b>Cash and cash equivalent, end of year</b>	<u>\$ 1,193,156</u>	<u>\$ 1,543,447</u>	<u>\$ 2,736,603</u>
<b>Reconciliation of operating income to net cash used in operating activities</b>			
Net operating expense	\$ (2,707,703)	\$ (250,943)	\$ (2,958,646)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expenses	1,174,377	-	1,174,377
Change in operating assets/liabilities:			
Increase in accounts payable	16,989	-	16,989
Increase in pension and other other employee benefit liabilities	127,005	-	127,005
Decrease in compensated absences payable	(30,349)	-	(30,349)
Total adjustments	<u>1,288,022</u>	<u>-</u>	<u>1,288,022</u>
Net cash used in operating activities	<u>\$ (1,419,681)</u>	<u>\$ (250,943)</u>	<u>\$ (1,670,624)</u>

The accompanying notes are an integral part of these financial statements.

## Notes to Financial Statements

June 30, 2011 and 2010

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### Note A – Organization, Operations and Summary of Significant Accounting Policies

The financial statements of the River Parks Authority (the Authority) are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund types in accordance with an election made by the Authority under GASB Statement No. 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The significant accounting policies of the Authority are described below.

#### 1. *Organization*

The Authority is a public trust created April 9, 1974, under the provisions of the Oklahoma Trust Act. The beneficiaries of the Trust are the City of Tulsa (the “City”) and Tulsa County (the “County”). The Authority’s Board of Trustees is comprised of seven members, three appointed by the City, three appointed by the County, and one appointed by the Tulsa Metropolitan Area Planning Commission.

The mission of the River Parks Authority is to maintain, preserve and develop the Arkansas River and/or land areas adjacent to the river within Tulsa County for the economic and cultural benefit of the community and to promote public use of all parklands and facilities under the Authority’s jurisdiction. The vision of the Authority is to be the region’s premier park, recreation, and entertainment destination.

Prior to October 2009, certain revenue, expenses and a portion of the capital additions were provided to the River Parks Authority through Park Friends, Inc., a charitable nonprofit organization formed for the purpose of receiving donations for programs and capital improvements for the benefit of the metropolitan area’s three separate park systems. River Parks elected to withdraw from Park Friends in favor of activating the River Parks Foundation to focus solely on the private funding needs of the riverfront and its unique needs and opportunities.”

#### 2. *Fund Accounting*

The Authority is accounted for as a proprietary fund. To ensure the observance of limitations and restrictions placed on the use of resources available to the Authority, its accounts are maintained in accordance with the principles of fund accounting. This is a procedure by which resources for various purposes are classified for accounting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund. The assets, liabilities, and net assets are reported in self-balancing funds. These funds consist of:

**Notes to Financial Statements**

June 30, 2011 and 2010

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**Note A – Organization, Operations and Summary of Significant Accounting Policies - Continued**

*2. Fund Accounting - Continued*

**Operating Fund**

This fund is the principal fund of the Authority which accounts for all financial transactions not accounted for in other funds. The purpose of the fund is to provide the primary funding for maintaining the Park property and facilities of the River Parks system. Intergovernmental contributions, investment earnings and private grants provide resources for this fund. The fund includes the Restricted Cash Contingency Fund, which contains a portion of the accumulated operating surplus funds and interest earnings since the Authority's inception in 1974. Funds are accessible only by action of the Board of Trustees for the primary purpose of self-insuring against major repairs to the floating stage, Pedestrian Bridge or Zink Dam, none of which are insured for physical damage.

**MK&T Tulsa – Sand Springs Trail Fund**

The MK&T Tulsa – Sand Springs Trail Fund represents funds restricted for support of the MK&T Tulsa - Sand Springs Trail. The purpose of the fund is to maintain a 5.5-mile asphalt recreation trail on the former MK&T railroad right-of-way, now owned by the State of Oklahoma. Intergovernmental contributions and easements provide funding for this fund. The section maintained by the Authority is from the intersection of Cameron Street and Elwood Avenue in downtown Tulsa to Adams Road in Sand Springs.

**Blended Component Unit**

The River Parks Foundation (the Foundation) is a non-profit organization that supports the Authority's mission and vision by encouraging monetary and/or non-monetary gifts to the River Parks Authority and acts as an agent to receive and administer such gifts and if need be, acts as the vehicle for translating gifts into structures, programs, or other enhancements desired by donors. Although the Foundation is a separate legal entity, the Authority maintains fiscal responsibility for it. For financial reporting purposes, it is a blended component unit and is included as an enterprise fund of the Authority. Beginning in Fiscal 2010-2011, the revenues and expenses of the former Special Events Fund were transferred to the Foundation. The Events Fund, formed for the purpose of conducting privately-funded seasonal public events in River Parks was deemed more in alignment with the Foundation's structure.

**Notes to Financial Statements**

June 30, 2011 and 2010

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**Note A – Organization, Operations and Summary of Significant Accounting Policies - Continued**

*3. Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. The Authority's financial statements are presented on an accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred.

*4. Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the reported amounts and disclosures in the financial statements and accompanying footnotes. Actual results could differ from those estimates.

*5. Cash and Cash Equivalents*

Cash and cash equivalents consist primarily of funds held by a financial institution and funds pooled with the City's cash at the end of each day and invested by the City Treasurer. Interest income on the pooled cash is allocated monthly based on the percentage of the Authority's average daily equity in the pooled cash compared to the total of the City's average daily-pooled equity.

For purposes of the statement of cash flows, the Authority considers cash and cash equivalents to be currency on-hand, demand deposits with banks, and amounts included in pooled cash and investment accounts, as these pooled cash and investment accounts are readily available to the Authority.

*6. Accrued Easement Fees*

Fees represent easements earned but not collected at June 30<sup>th</sup>. These fees are considered fully collectible by management. The easement fees are used for operating costs on the MK&T Trail. The fees are for fiber optic and other easements within the trail corridor maintained by the Authority.

*7. Capital Assets*

Capital assets consist of those assets owned and maintained by the Authority. Land and capital assets adjacent to the river and owned and maintained by other governmental entities are not included in the Authority's financial statements.

Capital assets purchased or acquired are carried at historical cost. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets is provided on the straight-line basis over the following estimated useful lives.

**Notes to Financial Statements**

June 30, 2011 and 2010

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**Note A – Organization, Operations and Summary of Significant Accounting Policies - Continued**

7. *Capital Assets - Continued*

	Useful Lives	Capitalization Threshold
Lease/land improvements	7 - 25 years	\$ 2,000
Buildings	20 - 50 years	\$ 2,000
Equipment	2 - 15 years	\$ 2,000

8. *Net Assets*

The net assets of the Authority are classified into the following components:

- *Invested in capital assets, net of related debt* – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to those assets.
- *Restricted net assets* – Consists of net assets with constraints placed on the use either by external groups, such as contributors, or by laws and regulations. Restricted net assets classified as expendable represent amounts for which the donor has specified the purpose for which the contributed net assets are to be used.
- *Unrestricted net assets* – All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Authority first applies restricted resources.

9. *Vested Compensated Absences*

The Authority’s employees earn paid vacation each month based upon their years of service with the Authority. Vacation time accrues and vests proportionately throughout the year. Employees may also convert accrued sick leave in excess of 960 hours (120 days) to vacation compensation, provided the total accrued sick leave compensation doesn’t exceed 1200 hours (150 days).

10. *Retirement Plan*

The information presented in Note D regarding the Authority’s participation in the Municipal Employees’ Retirement Plan is presented in accordance with Government Accounting Standards Board Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

**Notes to Financial Statements**

June 30, 2011 and 2010

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**Note A – Organization, Operations and Summary of Significant Accounting Policies - Continued**

*11. Income Taxes*

The Authority is exempt from Federal income taxes under Section 501(c)(3) and is nontaxable under Section 115(1) of the Internal Revenue Code, as amended. Accordingly, no provision for income taxes is included in the financial statements of the Authority. The Authority and Foundation information returns are subject to examination by the IRS for three years from the date filed.

*12. Grants – Economic Dependency*

The Authority receives grants from the City, County and the City of Sand Springs to finance operations. These grants are recognized as income in the period the funds are made available by the City and County. The City and County grants are recognized as non-operating revenues.

*13. Subsequent Events*

The Authority has evaluated subsequent events through December 29, 2011, the date the financial statements were available to be issued.

**Note B – Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of funds held by a financial institution and funds pooled with the City's cash at the end of the day and invested by the City Treasurer. Interest income on pooled cash is allocated monthly based on the percentage of the Authority's average daily equity in the pooled cash compared to the total of the City's average daily-pooled equity.

The Authority is subject to credit risks related to its bank deposits. Amounts on deposit periodically exceed Federal Deposit Insurance limits. No losses have been incurred or are expected to be incurred.

**Notes to Financial Statements**

June 30, 2011 and 2010

**Note C – Capital Assets**

A summary of changes in capital assets during the years ended June 30, 2011 and 2010 are as follows:

	July 1, 2010	Acquisitions	Sales or Dispositions	June 30, 2011
Capital assets not being depreciated:				
Land	\$ 3,767,291	\$ -	\$ -	\$ 3,767,291
Construction in progress	798,431	604,195	(1,292,494)	110,132
Sculptures and artwork	1,670,397	1,532		1,671,929
Capital assets being depreciated:				
Lease/land improvements	24,479,807	2,989,390	(256,783)	27,212,414
Buildings	1,262,632	205,995		1,468,627
Equipment	642,861	28,765		671,626
	32,621,419	3,829,877	(1,549,277)	34,902,019
Accumulated depreciation	(8,959,354)	(1,174,377)	250,288	(9,883,443)
Total	\$23,662,065	\$ 2,655,500	\$(1,298,989)	\$ 25,018,576
	July 1, 2009	Acquisitions	Sales or Dispositions	June 30, 2010
Capital assets not being depreciated:				
Land	\$ 3,767,291	\$ -	\$ -	\$ 3,767,291
Construction in progress	1,844,033	749,587	(1,795,189)	798,431
Sculptures and artwork	1,568,256	108,677	(6,536)	1,670,397
Capital assets being depreciated:				
Lease/land improvements	19,648,908	4,904,637	(73,738)	24,479,807
Buildings	1,020,093	242,539	-	1,262,632
Equipment	630,212	50,741	(38,092)	642,861
	28,478,793	6,056,181	(1,913,555)	32,621,419
Accumulated depreciation	(8,094,082)	(953,789)	88,517	(8,959,354)
Total	\$20,384,711	\$ 5,102,392	\$(1,825,038)	\$ 23,662,065

## Notes to Financial Statements

June 30, 2011 and 2010

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### Note D – Retirement Plan

#### 1. *Plan Description*

The employees of the Authority contribute to the City's Municipal Employees' Retirement Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit pension plan. All full-time employees of the Authority are eligible to participate in the Plan on the first day of the month following their first full month of employment. The Plan's benefit provisions are established and may be amended by the City in accordance with the City Charter and State of Oklahoma statutes. The Plan provides retirement benefits and also includes death benefits for the surviving spouse. The Plan does not provide a monthly income for disabled participants; however, under certain conditions, employees who become disabled may be eligible to receive their full retirement at age 65 even though they were unable to work up to the retirement age. The Plan is administered by a separate board of trustees and the Plan's assets are held in custody by a New York bank. The Plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or a report of another entity, but is included in the City's annual financial report.

#### 2. *Funding Policy*

Employees of the Authority are required to contribute 4 percent of their base pay to the Plan as established by the Pension Board of Trustees. The contributions are deducted from the employees' wages or salaries and remitted by the Authority to the Plan on a monthly basis. The Authority is required to contribute the remaining amounts necessary to fund the Plan using the actuarial basis specified by City Ordinance.

The Authority's contributions to the Plan for the years ended June 30, 2011, 2010, and 2009 were \$34,738, \$34,992, \$34,738, respectively, which equaled 65%, 72%, and 100% of the required contributions for each year.

### Note E – Other Post-Employment Benefits

The City provides postemployment health care benefits for retired employees and their dependents through the City of Tulsa Postretirement Medical Plan (the "Plan"), a single-employer defined benefit health care plan. The benefits, coverage levels, employee contributions and employer contributions are governed by City through its personnel and union contracts.

All health care benefits are provided through the City's fully insured health plan. The benefit levels are the same as those offered to active employees. Benefits include general inpatient and outpatient medical services and prescriptions. 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 with age and service totaling 80 points. Coverage ceases upon eligibility of the member (retiree or dependent) for Medicare. Coverage for dependents can continue upon the death of the retiree. Spouses of employees eligible for benefits and who die in active service can receive coverage.

The actuarial valuation of liabilities under the plan is calculated using the entry age normal cost method as of the July 1, 2010 and 2009 actuarial valuations. This method requires the calculation of an



## Notes to Financial Statements

June 30, 2011 and 2010

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### Note E – Other Post-Employment Benefits – Continued

unfunded actuarially accrued liability, which was approximately \$34,166,000 and \$33,852,000 for the City as of June 30, 2011 and 2010, respectively. The Authority's portion of the unfunded actuarially accrued liability is not separately determinable.

The City's actuarially determined annual required contributions (ARC) for fiscal years ending June 30, 2011 and 2010 were \$3,219,000 and \$3,239,000, respectively, of which \$537,000 and \$522,000 were paid on a pay-as-you-go basis in 2011 and 2010, respectively. The Authority was allocated \$88,946 of the net OPEB obligation for the fiscal years ending June 30, 2011, which has been reflected in the financial statements. The amount allocated to the Authority is based on the percentage of the Authority's payroll cost compared to the total payroll cost of the active eligible employees. The complete details of the plan are disclosed in the City's Comprehensive Annual Financial Report."

### Note F – Related Parties

The Authority leases certain property from the City and third parties on an annual basis for nominal amounts.

The Authority has an agreement with the City to provide certain accounting and management services to the Authority for a fee, which amounted to \$5,000 for each of the years ended June 30, 2011 and 2010.

The Authority receives a large portion of its funding from grants given by the City, County, and the City of Sand Springs. The Authority submits a line item budget request and grants are awarded based on need. Total grants received by the Authority for the years ended June 30, 2011 and 2010 were \$1,251,567 and \$1,296,270, respectively.

### Note G – Commitments and Contingencies

The Authority leases its office facilities under a cancelable operating lease agreement, which expired April 30, 2008; henceforth, when the agreement expired, a verbal commitment was made between OSU and River Parks to continue leasing the facility under the same price agreement terms. Annual lease payments are approximately \$24,000, and during 2008, the Oklahoma State University Center for Health Sciences assumed ownership of the building at 717 S. Houston where the River Parks Authority is currently leasing office space. The OSU-CHS has agreed to continue to provide this space until River Parks Authority moves to the planned Route 66 Center under a verbal agreement stated above.

Rental expense incurred by the Authority under operating leases for June 30, 2011 and 2010 was approximately \$24,500. The Authority is self-insured for physical damage to the Pedestrian Bridge, floating stage and Zink Dam.

**Notes to Financial Statements**

June 30, 2011 and 2010

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**Note H – Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; employee dishonesty; injuries to employees and natural disasters. The Authority manages these various risks as follows:

<b>Type of Loss</b>	<b>Method Managed</b>	<b>Risk Retained</b>
Tort claims	Purchased insurance covering: general liability automobile liability liquor liability	No deductibles
Physical property loss and natural disasters	Purchased casualty loss covering: playgrounds, buildings and contents	\$20,000 deductible, per occurrence
	Equipment	\$500 deductible
	Purchased flood insurance covering: buildings and contents	\$3,000 deductible
	Self insurance for the floating stage, Pedestrian Bridge and Zink Dam	Total book value of assets is \$9.9 million; available pooled cash for self insurance at 6-30-11 - \$750,000
Injuries to employees	Purchased automobile comprehensive and collision coverage	\$500/\$500 deductible
	Purchased workers compensation insurance	No deductible
Employee dishonesty	Purchased employee dishonesty policy covering staff, Board of Trustees	\$500 deductible
Employee life, health, dental and disability	Purchased insurance providing life, health dental, and disability benefits to full-time employees through group policies of the City of Tulsa. The Authority shares the cost of these benefits with the employees.	None

## Notes to Financial Statements

June 30, 2011 and 2010

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### Note H – Risk Management – Continued

Management believes that coverage is sufficient to preclude any significant uninsured losses to the Authority. The Authority's inclusion under the Oklahoma Political Subdivisions Tort Claims Liability Act limits its liability to \$1 million per occurrence.

The Authority's general and automobile liability, its automobile comprehensive and collision coverage and its equipment coverage are with the Oklahoma Municipal Assurance Group, a risk entity pool. Coverage on Park playgrounds, buildings, structures and contents is with Travelers Property and Casualty Company as a rider to that company's policy providing all-risk casualty loss coverage for Tulsa County. Flood insurance coverage on park restroom buildings and the Authority's maintenance facility is provided through the National Flood Insurance Program and American Bankers Insurance Company. The Authority's workers compensation insurance is provided by CompSource Oklahoma. An employee dishonesty policy is written by The Ohio Casualty Insurance Company.

#### 1. Risk Entity Pool

The Authority participates in the Oklahoma Municipal Assurance Group Liability Protection Plan, a risk entity pool. The basic insurance agreements cover claims against municipalities and other qualified governmental entities for all government functions, utilities and services covered in the Plan. These include bodily injury, property damage, wrongful acts, and personal injury and related torts under the State tort claims law and federal civil rights laws.

All public officials, employees, services and municipal functions are covered unless they are specifically listed as exclusions in the Plan. The title to all assets acquired by the Plan are vested in the Group. In the event of termination of the Group, such property shall belong to the then-members of the Group in equal shares. Each participating entity pays all costs, premiums or other fees attributable to its respective participation in the Plan, and is responsible for its obligation under any contract entered into with the Plan.

Reserves for claim losses include provisions for reported claims on a case basis and an estimate of claims incurred but not reported limited by aggregate and individual loss levels as specified by the Plan's reinsurance contracts. These credits, if any, represent contingent liabilities of the Plan if the reinsurer was unable to meet its obligations under the reinsurance agreement.

The Plan's insurance agreements are reinsured for excess losses based upon the contract year.

#### 2. Employee Benefit Plans

The Authority offers health, dental, life and disability insurance coverage to its full-time employees. For the health insurance, the bulk of the premium is paid by the Authority and the employee pays a portion of the premium cost by payroll deduction for either single or family coverage. For dental coverage, the Authority pays all the employee's premium and the employee pays all the dependent coverage premium. The Authority pays a life insurance premium for coverage equal to twice the employee's annual salary. Supplemental life insurance may be obtained by employees at their own expense. The Authority pays a

**Notes to Financial Statements**

June 30, 2011 and 2010

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**Note H – Risk Management – Continued**

2. *Employee Benefit Plans – Continued*

disability insurance premium for coverage based upon each employee's annual salary and the employee contributes a small percentage toward the premium as well. The supplemental life insurance and disability premiums are also paid by payroll deduction. The Authority offers its employees health, dental, life and disability insurance through participation in the group insurance programs of the City. The Authority has no financial exposure for the provision of these benefits beyond the premiums established by contracts awarded to the providers by the City.

3. *Self Insurance Coverage*

Due to the high premium costs associated with providing all-risk casualty loss coverage for the floating stage, Pedestrian Bridge and Zink Dam, the Authority elected in the 1980's to reserve unexpended cash, which remained at the close of each fiscal year, for the purpose of self insuring these structures against damage caused by fire, storms, vandalism, etc. These funds are pooled with the City's Pooled Investment (see Note B). A portion of the funds, \$132,669, are in an account titled "Restricted Pooled Assets" and the remaining available funds, approximately \$938,000, are in an account titled "Pooled Assets." The sum of these amounts adjusted for estimated liabilities is the basis for the estimate of available self insurance funds noted in the chart on Page 23. Based on the sturdy structural composition of these assets, management believes that funds currently available for self insurance should be adequate to address the probability that any or all structures might suffer some level of damage.

**REQUIRED  
SUPPLEMENTAL INFORMATION**

**Required Supplemental Information**

Year ended June 30, 2011

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**Defined Benefit Pension Trust**

**I. Schedule of Funding Progress**

Municipal Employees Pension Fund  
(000's)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio a/b	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
1/1/2011	\$ 372,469	\$ 484,699	\$ 112,230	76.8%	\$ 101,690	110.4%
1/1/2010	365,775	457,233	91,458	80.0%	108,423	84.4%
1/1/2009	359,191	437,504	78,313	82.1%	111,170	70.4%
1/1/2008	392,428	412,704	20,276	95.1%	107,574	18.8%
1/1/2007	370,778	384,173	13,395	96.5%	103,358	13.0%
1/1/2006	347,721	347,121	(600)	100.2%	95,804	-0.6%
1/1/2005	330,079	322,939	(7,140)	102.2%	89,434	-8.0%
1/1/2004	312,900	306,760	(6,140)	102.0%	89,201	-6.9%

**II. Schedule of MERP Employer Contributions Required Supplemental Information**

Municipal Employees Pension Fund  
(000's)

Fiscal Year	Annual Required Contribution	Percentage Contributed
2011	\$ 10,303	65%
2010	9,747	72%
2009	7,004	100%
2008	6,777	100%
2007	6,512	100%
2006	6,036	100%
2005	5,634	100%
2004	5,620	100%

**Required Supplemental Information - Continued**

Year ended June 30, 2011

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**III. Notes to Required Supplemental Information**

	<u>Municipal Employees Pension Fund</u>
Valuation date	1/1/2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage
Remaining amortization period	30 years
Actuarial asset valuation method	5 year smoothed Market value
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases*	4.25% - 13.70%
*Includes inflation at	3.25%
Cost of living adjustments	None



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

To the Board of Trustees of  
River Parks Authority

We have audited the financial statements of the River Parks Authority (the "Authority") as of and for the year ended June 30, 2011, and have issued our report thereon dated December 29, 2011. 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.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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

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

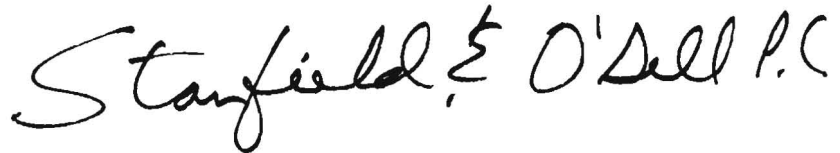


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, management and applicable funding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Tulsa, Oklahoma  
December 29, 2011

A handwritten signature in black ink that reads "Stanfield & O'Sell P.C." in a cursive, flowing script.