

**River Parks Authority**

**Financial Statements**

and

Report of Independent Certified Public Accountants

**June 30, 2012 and 2011**

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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, 2012 and 2011, 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, 2012 and 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2012 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 4 to 9 and other required supplementary information on pages 28 to 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Tulsa, Oklahoma  
December 6, 2012

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012 and 2011

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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, 2012 and 2011.

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, 2012, by \$26,809,631 (net assets). Of this amount, \$1,556,163 (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, 2012 and 2011. 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, 2012 and 2011

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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 \$26,809,631 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 (90 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 decreased \$803,980 or 3 percent over the prior year amount, primarily due to current year depreciation.
- Change in net assets decreased \$2,127,754 or 135 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.
- The multi-phase renovation of River Parks' recreational trail system on the east and west banks from 11th to 71st Streets is substantially complete. Final design is now in progress for the east bank segment in the vicinity of I-44, as well as the west bank segment from the Festival Park, north to 11th Street. Both of these trail areas are expected to be under construction by the spring of 2013.

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

June 30, 2012 and 2011

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### **Financial Analysis – Continued**

- Plans for an extensive renovation of Zink Dam have been curtailed due to lack of funding. In late 2012, an Oklahoma Supreme Court ruling negated the possibility of state bond funds for the project and Tulsa County voters rejected “Vision 2,” which would have financed numerous public improvement projects, including proposed changes to the dam. The Authority will work with local officials to assess the possibility of making some level of repairs to the dam to make it a more viable structure in its present configuration.
- For the second year in 2012, the Authority’s staff produced the Oktoberfest in accordance with a Management Services Agreement between the Authority and Oktoberfest, Inc. Changes have been made to the festival’s governance structure and work continues to streamline festival operations and improve financial performance.

### **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, 2012 and 2011

River Parks Authority  
Condensed Statement of Net Assets  
As of June 30, 2012 and 2011

	Operating Fund		MK&T Sand Springs Trail Fund		Special Events		Foundation		Total	Total
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Current assets	\$ 1,051,953	\$ 1,098,962	\$ 123,919	\$ 117,816	\$ -	\$ -	\$ 1,754,691	\$ 1,520,447	\$ 2,930,563	\$ 2,737,225
Capital assets	24,214,596	25,018,576	-	-	-	-	-	-	24,214,596	25,018,576
Total assets	25,266,549	26,117,538	123,919	117,816	-	-	1,754,691	1,520,447	27,145,159	27,755,801
Total liabilities	230,368	246,738	9,434	9,427	-	-	95,724	133,735	335,526	389,900
Net assets										
Invested in capital assets	24,214,596	25,018,576	-	-	-	-	-	-	24,214,596	25,018,576
Unrestricted assets	821,585	852,224	114,485	108,389	-	-	620,095	440,454	1,556,165	1,401,067
Restricted - expendable	-	-	-	-	-	-	1,038,872	946,258	1,038,872	946,258
Total net assets	\$ 25,036,181	\$ 25,870,800	\$ 114,485	\$ 108,389	\$ -	\$ -	\$ 1,658,967	\$ 1,386,712	\$ 26,809,633	\$ 27,365,901



River Parks Authority

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2012 and 2011

River Parks Authority  
Condensed Statements of Revenues, Expenses, and Changes in Net Assets  
For the Years Ended June 30, 2012 and 2011

	Operating Fund		MK&T Sand Springs Trail Fund		Special Events		Foundation		Total	Total
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Operating revenues:										
Charges for sales and services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 297,310	\$ 169,226	\$ 297,310	\$ 169,226
Total operating revenues	-	-	-	-	-	-	297,310	169,226	297,310	169,226
Operating expenses:										
Personnel services	849,697	850,127	39,679	42,644	-	-	13,299	985	902,675	893,756
Material and supplies	98,696	102,698	7,037	6,445	-	-	86,818	94,138	192,551	203,281
Other services and charges	574,852	502,070	29,980	27,874	-	1,468	235,420	165,012	840,252	696,424
Depreciation	1,259,657	1,174,377	-	-	-	-	-	-	1,259,657	1,174,377
Total operating expenses	2,782,902	2,629,272	76,696	76,963	-	1,468	335,537	260,135	3,195,135	2,967,838
Operating loss	(2,782,902)	(2,629,272)	(76,696)	(76,963)	-	(1,468)	(38,227)	(90,909)	(2,897,825)	(2,798,612)
Nonoperating revenues (expenses):										
Intergovernmental	1,313,000	1,204,000	47,567	47,567	-	-	38,600	14,105	1,399,167	1,265,672
Investment earnings	11,966	12,600	1,494	2,432	-	3,642	1,222	2,336	14,682	21,010
Loss on disposal of assets	(1,914)	(811)	-	-	-	-	-	-	(1,914)	(811)
Fundraising	-	-	-	-	-	-	(83,821)	(132,904)	(83,821)	(132,904)
Other revenues	5,602	830	33,731	32,109	-	-	50,000	1,730	89,333	34,669
Total nonoperating revenues (expenses)	1,328,654	1,216,619	82,792	82,108	-	3,642	6,001	(114,733)	1,417,447	1,187,636
Income (loss) before contributions and transfers	(1,454,248)	(1,412,653)	6,096	5,145	-	2,174	(32,226)	(205,642)	(1,480,378)	(1,610,976)
Contributions	-	-	-	-	-	-	666,706	1,278,037	666,706	1,278,037
Capital contributions	257,404	1,904,423	-	-	-	-	-	-	257,404	1,904,423
Inter-fund transfers	362,225	844,001	-	-	-	(47,540)	(362,225)	(796,461)	-	-
Change in net assets	(834,619)	1,335,771	6,096	5,145	-	(45,366)	272,255	275,934	(556,268)	1,571,484
Total net assets - beginning	25,870,800	24,535,029	108,389	103,244	-	45,366	1,386,712	1,110,778	27,365,901	25,794,417
Total net assets - ending	\$ 25,036,181	\$ 25,870,800	\$ 114,485	\$ 108,389	\$ -	\$ -	\$ 1,658,967	\$ 1,386,712	\$ 26,809,633	\$ 27,365,901

River Parks Authority

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2012 and 2011

River Parks Authority  
Condensed Statements of Cash Flow  
For the Years Ended June 30, 2012 and 2011

	Operating Fund		MK&T Sand Springs Trail Fund		Special Events		Foundation		Total	Total
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Net cash used in operations	\$ (1,539,610)	\$ (1,337,598)	\$ (76,689)	\$ (73,414)	\$ -	\$ (8,670)	\$ (46,238)	\$ (90,909)	\$ (1,662,537)	\$ (1,510,591)
Net cash provided by noncapital and related financing source	1,318,598	1,197,628	81,297	101,987	-	7,199	88,600	1,730	1,488,495	1,308,544
Net cash provided by /(used) capital and related financing source	185,038	200,926	-	-	-	(54,739)	167,660	(12,578)	352,698	133,609
Net cash provided by investing activities	9,617	13,867	1,140	2,535	-	3,698	1,222	2,336	11,979	22,436
Net increase (decrease) in cash	(26,357)	74,823	5,748	31,108	-	(52,512)	211,244	(99,421)	190,635	(46,002)
Cash and cash equivalents, beginning of year	1,075,408	1,000,585	117,748	86,640	-	52,512	1,543,447	1,642,868	2,736,603	2,782,605
Cash and cash equivalent, end of year	<u>\$ 1,049,051</u>	<u>\$ 1,075,408</u>	<u>\$ 123,496</u>	<u>\$ 117,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,754,691</u>	<u>\$ 1,543,447</u>	<u>\$ 2,927,238</u>	<u>\$ 2,736,603</u>

## **FINANCIAL STATEMENTS**

River Parks Authority

**Statements of Net Assets**

June 30,

	2012	2011
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 2,927,238	\$ 2,736,603
Interest receivable	3,325	622
	<u>2,930,563</u>	<u>2,737,225</u>
Noncurrent assets		
Capital assets (notes A6 and C)	24,214,596	25,018,576
	<u>24,214,596</u>	<u>25,018,576</u>
Total assets	<u>\$ 27,145,159</u>	<u>\$ 27,755,801</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 47,504	\$ 90,995
Deferred revenues	70,000	100,000
Current portion of vested compensated absences	44,923	48,173
	<u>162,427</u>	<u>239,168</u>
Noncurrent liabilities		
Vested compensated absences, less current portion	27,440	23,727
Pension and other employee benefit liabilities	145,659	127,005
	<u>173,099</u>	<u>150,732</u>
Total liabilities	<u>335,526</u>	<u>389,900</u>
<b>Net Assets</b>		
Invested in capital assets	24,214,596	25,018,576
Restricted - expendable	1,038,872	946,258
Unrestricted net assets	<u>1,556,165</u>	<u>1,401,067</u>
Total net assets	<u>\$ 26,809,633</u>	<u>\$ 27,365,901</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,

	2012	2011
<b>Operating revenues</b>		
Charges for sales and service	\$ 297,310	\$ 169,226
<b>Operating expenses</b>		
Personnel services	902,675	893,756
Material and supplies	192,551	203,281
Other services and charges	840,252	696,424
Depreciation	1,259,657	1,174,377
Total operating expenses	3,195,135	2,967,838
Net operating expense	(2,897,825)	(2,798,612)
<b>Nonoperating revenues (expenses)</b>		
Intergovernmental	1,399,167	1,265,672
Investment earnings	14,682	21,010
Loss on disposal of fixed assets	(1,914)	(811)
Fundraising expenses	(83,821)	(132,904)
Miscellaneous revenues	89,333	34,669
Other revenues - donations	666,706	1,278,037
Total nonoperating revenues	2,084,153	2,465,673
Loss before contributions	(813,672)	(332,939)
<b>Capital contributions</b>	257,404	1,904,423
<b>Change in net assets</b>	(556,268)	1,571,484
<b>Total net assets - beginning of year</b>	27,365,901	25,794,417
<b>Total net assets - end of year</b>	\$ 26,809,633	\$ 27,365,901

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

River Parks Authority

**Statements of Cash Flows**

Years Ended June 30,

	2012	2011
<b>Cash flows from operating activities</b>		
Receipt from customers and users	\$ 297,310	\$ 169,226
Payments to suppliers for goods or services	(885,192)	(861,233)
Payments to employees for services	(1,074,655)	(818,584)
Net cash used in operating activities	(1,662,537)	(1,510,591)
<b>Cash flows from noncapital financing activities</b>		
Miscellaneous income	89,329	56,978
Receipt of subsidy from intergovernmental entities	1,399,166	1,251,566
Net cash provided by noncapital and related financing activities	1,488,495	1,308,544
<b>Cash flows from capital and related financing activities</b>		
Contributions	552,885	1,204,238
Purchases of capital assets	(200,187)	(1,076,313)
Proceeds from sale of capital assets	-	5,684
Net cash provided by capital and related financing activities	352,698	133,609
<b>Cash flows from investing activities</b>		
Interest received	11,979	22,436
Net increase (decrease) in cash and cash equivalents	190,635	(46,002)
<b>Cash and cash equivalent, beginning of year</b>	2,736,603	2,782,605
<b>Cash and cash equivalent, end of year</b>	\$ 2,927,238	\$ 2,736,603
<b>Reconciliation of operating income to net cash used in operating activities</b>		
Net operating expense	\$ (2,897,825)	\$ (2,798,612)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	1,259,657	1,174,377
Change in operating assets/liabilities:		
Increase (decrease) in accounts payable	(43,476)	16,989
Increase in pension and other other employee benefit liabilities	18,646	127,005
Increase (decrease) in compensated absences payable	461	(30,350)
Total adjustments	1,235,288	1,288,021
<b>Net cash used in operating activities</b>	\$ (1,662,537)	\$ (1,510,591)

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

River Parks Authority

**Statement of Net Assets - Proprietary Funds**

June 30, 2012

	Authority	Foundation	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,172,547	\$ 1,754,691	\$ 2,927,238
Interest receivable	3,325	-	3,325
	1,175,872	1,754,691	2,930,563
Noncurrent assets			
Capital assets (notes A6 and C)	24,214,596	-	24,214,596
Total assets	\$ 25,390,468	\$ 1,754,691	\$ 27,145,159
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 21,780	\$ 25,724	\$ 47,504
Deferred revenues	-	70,000	70,000
Current portion of vested compensated absences	44,923	-	44,923
	66,703	95,724	162,427
Noncurrent liabilities			
Vested compensated absences, less current portion	27,440	-	27,440
Pension and other other employee benefit liabilities	145,659	-	145,659
Total liabilities	239,802	95,724	335,526
<b>Net Assets</b>			
Invested in capital assets	24,214,596	-	24,214,596
Restricted - expendable	-	1,038,872	1,038,872
Unrestricted net assets	936,070	620,095	1,556,165
Total net assets	\$ 25,150,666	\$ 1,658,967	\$ 26,809,633

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, 2012

	Authority	Foundation	Total
<b>Operating revenues</b>			
Charges for sales and service	\$ -	\$ 297,310	\$ 297,310
Total operating revenues	-	297,310	297,310
<b>Operating expenses</b>			
Personnel services	889,376	13,299	902,675
Material and supplies	105,733	86,818	192,551
Other services and charges	604,832	235,420	840,252
Depreciation	1,259,657	-	1,259,657
Total operating expenses	2,859,598	335,537	3,195,135
Net operating expense	(2,859,598)	(38,227)	(2,897,825)
<b>Nonoperating revenues (expenses)</b>			
Intergovernmental	1,360,567	38,600	1,399,167
Inter-fund transfers	362,225	(362,225)	-
Investment earnings	13,460	1,222	14,682
Loss on disposal of fixed assets	(1,914)	-	(1,914)
Fundraising expenses	-	(83,821)	(83,821)
Miscellaneous revenues	39,333	50,000	89,333
Other revenues - donations	-	666,706	666,706
Total nonoperating revenues	1,773,671	310,482	2,084,153
Gain (loss) before contributions	(1,085,927)	272,255	(813,672)
<b>Capital contributions</b>	257,404	-	257,404
<b>Change in net assets</b>	(828,523)	272,255	(556,268)
<b>Total net assets - beginning of year</b>	25,979,189	1,386,712	27,365,901
<b>Total net assets - end of year</b>	\$ 25,150,666	\$ 1,658,967	\$ 26,809,633

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



**Statement of Cash Flows - Proprietary Funds**

Year Ended June 30, 2012

	Authority	Foundation	Total
<b>Cash flows from operating activities</b>			
Receipt from customers and users	\$ -	\$ 297,310	\$ 297,310
Payments to suppliers for goods or services	(871,894)	(13,298)	(885,192)
Payments to employees for services	(744,405)	(330,250)	(1,074,655)
Net cash used in operating activities	(1,616,299)	(46,238)	(1,662,537)
<b>Cash flows from noncapital financing activities</b>			
Miscellaneous income	39,329	50,000	89,329
Receipt of subsidy from intergovernmental entities	1,360,566	38,600	1,399,166
Net cash provided by noncapital and related financing activities	1,399,895	88,600	1,488,495
<b>Cash flows from capital and related financing activities</b>			
Contributions	-	552,885	552,885
Interfund transfers	385,225	(385,225)	-
Purchases of capital assets	(200,187)	-	(200,187)
Net cash provided by capital and related financing activities	185,038	167,660	352,698
<b>Cash flows from investing activities</b>			
Interest received	10,757	1,222	11,979
Net increase (decrease) in cash and cash equivalents	(20,609)	211,244	190,635
<b>Cash and cash equivalent, beginning of year</b>	1,193,156	1,543,447	2,736,603
<b>Cash and cash equivalent, end of year</b>	\$ 1,172,547	\$ 1,754,691	\$ 2,927,238
<b>Reconciliation of operating income to net cash used in operating activities</b>			
Net operating expense	\$ (2,859,598)	\$ (38,227)	\$ (2,897,825)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expenses	1,259,657	-	1,259,657
Change in operating assets/liabilities:			
Decrease in accounts payable	(35,465)	(8,011)	(43,476)
Increase in pension and other other employee benefit liabilities	18,646	-	18,646
Increase in compensated absences payable	461	-	461
Total adjustments	1,243,299	(8,011)	1,235,288
<b>Net cash used in operating activities</b>	\$ (1,616,299)	\$ (46,238)	\$ (1,662,537)

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

## Notes to Financial Statements

June 30, 2012 and 2011

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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, 2012 and 2011

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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, 2012 and 2011

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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. 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, 2012 and 2011

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

#### 6. 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

#### 7. 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.

#### 8. 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).

#### 9. 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, 2012 and 2011

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

#### 10. *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.

#### 11. *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.

#### 12. *Reclassifications*

Certain 2011 amounts have been reclassified to conform to the 2012 financial statement presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

#### 13. *Subsequent Events*

The Authority has evaluated subsequent events through December 6, 2012, 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, 2012 and 2011

**Note C – Capital Assets**

A summary of changes in capital assets during the years ended June 30, 2012 and 2011 are as follows:

	July 1, 2011	Acquisitions	Sales or Dispositions	June 30, 2012
Capital assets not being depreciated:				
Land	\$ 3,767,291	\$ -	\$ -	\$ 3,767,291
Construction in progress	110,132	34,694	-	144,826
Sculptures and artwork	1,671,929	100,000	-	1,771,929
Capital assets being depreciated:				
Lease/land improvements	27,212,414	259,626	-	27,472,040
Buildings	1,468,627	-	-	1,468,627
Equipment	671,626	63,271	(30,569)	704,328
	34,902,019	457,591	(30,569)	35,329,041
Accumulated depreciation	(9,883,443)	(1,259,657)	28,655	(11,114,445)
Total	\$ 25,018,576	\$ (802,066)	\$ (1,914)	\$ 24,214,596

	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

## Notes to Financial Statements

June 30, 2012 and 2011

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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 5 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, 2012, 2011, and 2010 were \$68,428, \$34,738 and \$34,992, respectively, which equaled 65%, 72%, and 95% of the required contributions for each year. The Authority transferred \$14,941 in 2012 to address the 2010 funding deficiency. The deficiencies from 2011 and 2012 will be funded by the City. The deficiencies are attributable to a lengthy period of low interest rates, which caused the return on plan assets to fall below expectations.

### 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 the 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 when the sum of an employee's age and years of service is 80 or more. 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 June 30, 2012 and 2011 actuarial valuations. This method requires the calculation of an unfunded



## Notes to Financial Statements

June 30, 2012 and 2011

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

actuarially accrued liability, which was approximately \$27,437,000 and \$34,166,000 for the City as of June 30, 2012 and 2011, 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, 2012 and 2011 were \$2,769,000 and \$3,219,000, respectively, of which \$1,155,000 and \$537,000 were paid on a pay-as-you-go basis in 2012 and 2011, respectively. The Authority was allocated \$137,128 and \$93,627 of the net OPEB obligation for the fiscal years ending June 30, 2012 and 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, 2012 and 2011.

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, 2012 and 2011 were \$1,360,567 and \$1,251,567, 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 agreed to continue to provide this space until River Parks Authority could relocate to a proposed Route 66 Center. Because of a lengthy delay in plans for the Route 66 Center, the Authority is seeking other office space accommodations.

Rental expense incurred by the Authority under operating leases for June 30, 2012 and 2011 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, 2012 and 2011

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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 6-30-12 - \$750,000
	Purchased automobile comprehensive and collision coverage	\$500/\$500 deductible
Injuries to employees	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, 2012 and 2011

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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, 2012 and 2011

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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 \$912,000, 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 24. 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.

### Note I – Recent Accounting Pronouncements

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61, *The Financial Reporting Entity: Omnibus*, modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also needs to be present between the primary government and that organization for it to be included in the reporting as a component unit. The provision of the Statement is effective for periods beginning after July 25, 2012. The Authority is currently evaluating the effects that Statement 61 may have on their financial statements.

In June 2011, The Governmental Accounts Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The Statement specifies that the statement of net position should report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Statement 63 also specifies that the statement of net position should report the residual amount as net position rather than net assets. Under the Statement, net position should be displayed in three components similar to those currently required for net assets; net investment in capital assets, restricted and unrestricted. The provisions of this Statement are effective

**Notes to Financial Statements**

June 30, 2012 and 2011

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**Note I – Recent Accounting Pronouncements - Continued**

for periods beginning after December 15, 2012 and will be applied on a prospective basis. The Authority is currently evaluating the effects that Statement No. 63 may have on their financial statements.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. Statement No. 65 reclassifies and recognizes certain items currently being reported as assets and liabilities as one of four financial statement elements: deferred outflows of resources, outflows of resources, deferred inflows of resources, or inflows of resources. The provisions of this Statement are effective for periods beginning after December 15, 2012 and will be applied on a prospective basis. The Authority is currently evaluating the effects that Statement No. 65 may have on their financial statements.

In June, 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which improves accounting and financial reporting of public employee pensions by state and local governments. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The provisions in Statement No. 68 are effective for fiscal years beginning after June 15, 2014. However, early application is encouraged. The Authority is currently evaluating the effect that Statement No. 68 will have on their financial statements.

**REQUIRED  
SUPPLEMENTAL INFORMATION**

**Required Supplemental Information**

Year ended June 30, 2012

**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
1/1/2012	\$ 378,454	\$ 495,920	\$ 117,466	76.3%	\$ 104,313	112.6%
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%

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

Municipal Employees Pension Fund  
(000's)

Fiscal Year	Annual Required Contribution	Percentage Contributed
2012	\$ 13,346	95%
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%

**Required Supplemental Information - Continued**

Year ended June 30, 2012

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**III. Notes to Required Supplemental Information**

	<u>Municipal Employees Pension Fund</u>
Valuation date	1/1/2012
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, 2012, and have issued our report thereon dated December 6, 2012. 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 6, 2012

*Stanfield & O'Dell P.C.*