

River Parks Authority

Financial Statements
and
Independent Auditor's Report

June 30, 2015 and 2014

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Independent Auditor's Report

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 and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 River Parks Authority as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note D to the financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 68 and has recognized a net pension liability and related deferred outflows and inflows.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 10 and other required supplemental pension information on pages 31 to 33 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Tulsa, Oklahoma
February 10, 2016

Stanfield & O'Sell P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014

As management of the River Parks Authority (the Authority), we offer readers of the Authority's financial statements this overview and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2015 and 2014.

The 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, 2015 by \$70,258,029 (net position). Of this amount, \$1,050,499 (unrestricted net position) may be used to meet the Authority's ongoing obligation to citizens and creditors.
- Most of the operating fund's restricted assets, \$2,194,063, are set aside for construction of Tulsa's Gathering Place. Other fund are set aside to provide self-insurance for the Pedestrian Bridge and Zink Dam. Restricted and unrestricted assets may also be used to fund other agency needs in compliance with 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.
- The significant expansion of the Authority's assets and non-operating revenue is the result of the addition of Tulsa's Gathering Place, a public park being developed with private funds.
- During 2015, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 68 and recognized a new pension liability of \$617,378 and deferred inflows, net of deferred outflows of \$343,089. Deferred inflows and outflows represent changes to the net pension liability that are not allowed to be immediately recognized in the determination of pension expense.

Overview of the Financial Statements

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

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

The *Statement of Revenues, Expenses and Changes in Net Position* serves as the basic statement of activities, which presents information showing how the government's net position changed during the year. All changes in net position 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014

Overview of the Financial Statements - Continued

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, 2015 and 2014. 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.

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 Supplemental Information concerning the Authority's progress in funding its obligation to provide pension benefits to its employees.

Financial Analysis

Net position may serve over time as a useful indicator of the Authority's financial position. As noted earlier, the Authority's assets exceeded liabilities by \$70,258,029 at the close of the year.

- At the end of the current year, the 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 vast majority of the Authority's net position (95 percent) reflects its net investment in capital assets (e.g., land, building, machinery, and equipment). The Authority uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending.
- Capital assets increased \$42,037,397 or 170 percent over the prior year amount, primarily due to the construction of Tulsa's gathering place.
- Net position increased \$43,288,364 or 164 percent over the net increase of the prior year, primarily due to the increase in amount received from private donors for the construction of Tulsa's gathering place.
- The multi-phase renovation of River Parks' recreational trail system on the east and west banks between 11th and 71st Streets was completed shortly after the close of the fiscal year, when the final segment on the west bank from the Festival Park, north to the 11th Street Bridge (Southwest

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014

Financial Analysis - Continued

Boulevard) was finished. This work was funded primarily by a generous private grant from the George Kaiser Family Foundation, supplemented by voter-approved funds from the City of Tulsa's 2006 3rd Penny Sales Tax Program.

- An extensive renovation of the River West Festival Park, funded by the City of Tulsa's 2006 3rd Penny Sales Tax Program, was begun in November 2014 and completed in September 2015 in time to host the annual ScotFest and Linde Oktoberfest Tulsa festivals.
- Repairs to the Zink Dam gates, which began in November 2013, were completed in October 2015 using a combination of public and private funds. The work replaced the seals around the dam's three 50-foot bascule gates, rehabilitated the steel face of each gate, rebuilt most of the dam's hydraulic cylinders and accomplished other related tasks. The project was financed by funding from River Parks Authority, the City of Tulsa, Tulsa County, and Public Service Company of Oklahoma. Weather and water flow conditions in the river dictated the pace at which the project could proceed toward completion.
- Government and community leaders continue their efforts to fund various riverfront improvements along the corridor maintained and operated by the Authority. A public vote on various projects is expected in the spring of 2016. The Authority's staff and Board of Trustees have participated throughout this process.
- In August 2014, the Authority's Board of Trustees voted to accept the Member Interest in Tulsa's Gathering Place, LLC. Through this action, the Authority received ownership of Tulsa's Gathering Place, a privately-funded park development that will eventually encompass over 65 acres of land in an area near 31st and Riverside Drive on the east bank of the Arkansas River. The project also has numerous public infrastructure elements and both the private and public improvements are well underway and progressing steadily. The first phase of the project is estimated to be completed in late 2017. As a wholly-owned subsidiary of River Parks Authority, financial activity for Tulsa's Gathering Place, LLC will be reported annually beginning with this audit.
- The Authority continues to raise private funds through the pursuit of grants and other contributions which help supplement public funding for the park system's day-to-day operations, as well as fund public events held in River Parks.

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 2424 E. 21st St. Suite 300, Tulsa, OK 74114 or call (918) 596-2001.

River Parks Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014

River Parks Authority
Condensed Statement of Net Position
As of June 30, 2015 and 2014

| | Operating Fund | | MK&T Sand Springs Trail Fund | | Foundation | | Tulsa's Gathering Place | | Total | |
|---------------------------------|----------------|---------------|---------------------------------|------------|--------------|--------------|-------------------------------|---------------|---------------|---------------|
| | 6/30/2015 | 6/30/2014 | 6/30/2015 | 6/30/2014 | 6/30/2015 | 6/30/2014 | 6/30/2015 | 6/30/2014 | 6/30/2015 | 6/30/2014 |
| Current assets | \$ 6,455,502 | \$ 1,370,384 | \$ 115,602 | \$ 121,823 | \$ 1,438,401 | \$ 1,261,269 | \$ - | \$ - | \$ 8,009,505 | \$ 2,753,476 |
| Capital assets | 23,894,128 | 24,757,668 | - | - | - | - | 42,900,937 | 24,757,668 | 66,795,065 | 24,757,668 |
| Total assets | 30,349,630 | 26,128,052 | 115,602 | 121,823 | 1,438,401 | 1,261,269 | 42,900,937 | 27,511,144 | 74,804,570 | 27,511,144 |
| Operating liabilities | 3,496,920 | 426,009 | 13,365 | 16,033 | 75,789 | 99,437 | - | - | 3,586,074 | 541,479 |
| Net pension liability | 581,570 | - | 35,808 | - | - | - | - | - | 617,378 | - |
| Net pension deferrals | 323,190 | - | 19,899 | - | - | - | - | - | 343,089 | - |
| Total liabilities and deferrals | 4,401,680 | 426,009 | 69,072 | 16,033 | 75,789 | 99,437 | - | - | 4,546,541 | 541,479 |
| Net position | | | | | | | | | | |
| Investment in capital assets | 23,894,128 | 24,757,668 | - | - | - | - | 42,900,937 | 24,757,668 | 66,795,065 | 24,757,668 |
| Restricted - expendable | 2,194,063 | - | - | - | 218,402 | 435,914 | - | - | 2,412,465 | 435,914 |
| Unrestricted | (140,241) | 944,375 | 46,530 | 105,790 | 1,144,210 | 725,918 | - | - | 1,050,499 | 1,776,083 |
| Total net position | \$ 25,947,950 | \$ 25,702,043 | \$ 46,530 | \$ 105,790 | \$ 1,362,612 | \$ 1,161,832 | \$ 42,900,937 | \$ 70,258,029 | \$ 70,258,029 | \$ 26,969,665 |

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014

River Parks Authority
Condensed Statement of Activities
As of June 30, 2015 and 2014

| | Operating Fund | | MK&T Sand Springs Trail Fund | | Foundation | | Tulsa's Gathering Place | | Total | |
|--|----------------|---------------|---------------------------------|------------|--------------|--------------|-------------------------------|-----------|----------------|---------------|
| | 6/30/2015 | 6/30/2014 | 6/30/2015 | 6/30/2014 | 6/30/2015 | 6/30/2014 | 6/30/2015 | 6/30/2014 | 6/30/2015 | 6/30/2014 |
| Operating revenues: | | | | | | | | | | |
| Charges for sales and services | \$ - | \$ - | \$ - | \$ - | \$ 322,509 | \$ 401,176 | \$ - | \$ - | \$ 322,509 | \$ 401,176 |
| Total operating revenues | - | - | - | - | 322,509 | 401,176 | - | - | 322,509 | 401,176 |
| Operating expenses: | | | | | | | | | | |
| Personnel services | 692,252 | 870,183 | 43,258 | 43,104 | 58,779 | 40,569 | 249,484 | | 1,043,773 | 953,856 |
| Material and supplies | 85,434 | 84,257 | 6,621 | 6,285 | 133,242 | 52,368 | 2,091 | | 227,388 | 142,910 |
| Other services and charges | 549,800 | 581,995 | 29,150 | 34,445 | 454,526 | 415,920 | 474,357 | | 1,507,833 | 1,032,360 |
| Depreciation | 1,413,997 | 1,338,135 | - | - | - | - | 761 | | 1,414,758 | 1,338,135 |
| Total operating expenses | 2,741,483 | 2,874,570 | 79,029 | 83,834 | 646,547 | 508,857 | 726,693 | | 4,193,752 | 3,467,261 |
| Operating loss | (2,741,483) | (2,874,570) | (79,029) | (83,834) | (324,038) | (107,681) | (726,693) | | (3,871,243) | (3,066,085) |
| Nonoperating revenues (expenses): | | | | | | | | | | |
| Intergovernmental | 1,390,170 | 2,103,320 | 44,798 | 42,717 | 1,750 | 27,230 | - | | 1,436,718 | 2,173,267 |
| Investment earnings | 11,709 | 17,531 | 982 | 1,492 | 2,406 | 3,736 | - | | 15,097 | 22,759 |
| Gain on disposal of assets | (278,027) | 2,161 | - | - | - | - | - | | (278,027) | 2,161 |
| Fundraising | - | - | - | - | (84,274) | (14,901) | - | | (84,274) | (14,901) |
| Other revenues | 73,600 | 86,267 | 33,858 | 40,284 | - | 10,779 | - | | 107,458 | 137,330 |
| Contributions | 11,654,007 | 137,618 | - | - | 928,483 | 1,227,428 | 249,484 | | 12,831,974 | 1,365,046 |
| Inter-fund transfers | (9,136,397) | 2,129,784 | - | - | (323,547) | (2,129,784) | 9,459,944 | | - | - |
| Total nonoperating revenues (expenses) | 3,715,062 | 4,476,681 | 79,638 | 84,493 | 524,818 | (875,512) | 9,709,428 | | 14,028,946 | 3,685,662 |
| Income (loss) before contributions and transfers | 973,579 | 1,602,111 | 609 | 659 | 200,780 | (983,193) | 8,982,735 | | 10,157,703 | 619,577 |
| Capital contributions | 235,500 | - | - | - | - | - | - | | 235,500 | - |
| Change in net position | 1,209,079 | 1,602,111 | 609 | 659 | 200,780 | (983,193) | 8,982,735 | | 10,393,203 | 619,577 |
| Equity transfer | 24,738,871 | 24,099,932 | 45,921 | 105,131 | 1,161,832 | 2,145,025 | 33,918,202 | | 33,918,202 | 26,350,088 |
| Total net position - beginning | \$ 25,947,950 | \$ 25,702,043 | \$ 46,530 | \$ 105,790 | \$ 1,362,612 | \$ 1,161,832 | \$ 42,900,937 | | \$ 70,258,029 | \$ 26,969,665 |
| Total net position - ending | \$ 50,686,821 | \$ 51,404,036 | \$ 93,060 | \$ 211,580 | \$ 2,725,224 | \$ 2,327,664 | \$ 85,819,874 | | \$ 103,476,231 | \$ 53,329,753 |

River Parks Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014

River Parks Authority
Condensed Statements of Cash Flow
For the Years Ended June 30, 2015 and 2014

| | Operating Fund | | MK&T Sand Springs Trail Fund | | Foundation | | Total | |
|--|----------------|----------------|---------------------------------|-------------|--------------|--------------|----------------|----------------|
| | 6/30/2015 | 6/30/2014 | 6/30/2015 | 6/30/2014 | 6/30/2015 | 6/30/2014 | 6/30/2015 | 6/30/2014 |
| Net cash used in operations | \$ (1,501,944) | \$ (1,429,182) | \$ (85,860) | \$ (80,477) | \$ (331,447) | \$ (132,804) | \$ (1,919,251) | \$ (1,642,463) |
| Net cash provided by (used in) noncapital and related financing source | 1,300,604 | 2,189,585 | 48,169 | 94,718 | (82,524) | 38,009 | 1,266,249 | 2,322,312 |
| Net cash provided by (used in) capital and related financing source | 5,274,753 | (522,645) | - | - | 604,936 | (888,890) | 5,879,689 | (1,411,535) |
| Net cash provided by investing activities | 13,037 | 16,401 | 1,073 | 1,495 | 2,406 | 3,736 | 16,516 | 21,632 |
| Net increase (decrease) in cash | 5,086,450 | 254,159 | (36,618) | 15,736 | 193,371 | (979,949) | 5,243,203 | (710,054) |
| Cash and cash equivalents, beginning of year | 1,367,206 | 1,113,047 | 121,579 | 105,843 | 1,234,715 | 2,214,664 | 2,723,500 | 3,433,554 |
| Cash and cash equivalent, end of year | \$ 6,453,656 | \$ 1,367,206 | \$ 84,961 | \$ 121,579 | \$ 1,428,086 | \$ 1,234,715 | \$ 7,966,703 | \$ 2,723,500 |

River Parks Authority

Statements of Net Position

June 30,

| | 2015 | 2014 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 2,585,683 | \$ 2,723,500 |
| Cash restricted for Tulsa's Gathering Place | 5,381,020 | - |
| Receivables | 42,802 | 29,976 |
| | <u>8,009,505</u> | <u>2,753,476</u> |
| Noncurrent assets | | |
| Capital assets (notes A6 and C) | 66,795,065 | 24,757,668 |
| | <u>66,795,065</u> | <u>24,757,668</u> |
| Total assets | <u>74,804,570</u> | <u>27,511,144</u> |
| Deferred Outflow of Resources | | |
| Pension related resources | 86,914 | - |
| | <u>86,914</u> | <u>-</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 112,361 | 187,358 |
| Accounts payable construction, payable from restricted assets | 3,186,957 | - |
| Unearned revenues | 64,894 | 73,370 |
| Current portion of vested compensated absences | 54,147 | 61,154 |
| | <u>3,418,359</u> | <u>321,882</u> |
| Noncurrent liabilities | | |
| Vested compensated absences, less current portion | 29,577 | 24,188 |
| Other employee benefit liabilities | 138,138 | - |
| Net pension liability | 617,378 | - |
| | <u>617,378</u> | <u>-</u> |
| Total liabilities | <u>4,203,452</u> | <u>346,070</u> |
| Deferred Inflows of Resources | | |
| Pension related resources | 430,003 | - |
| | <u>430,003</u> | <u>-</u> |
| Net Position | | |
| Investment in capital assets | 66,795,065 | 24,757,668 |
| Restricted - expendable | 2,412,465 | 435,914 |
| Unrestricted net position | 1,050,499 | 1,776,083 |
| | <u>1,050,499</u> | <u>1,776,083</u> |
| Total net position | <u>\$ 70,258,029</u> | <u>\$ 26,969,665</u> |

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

River Parks Authority

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30,

| | 2015 | 2014 |
|---|---------------|---------------|
| Operating revenues | | |
| Charges for sales and services | \$ 322,509 | \$ 401,176 |
| Operating expenses | | |
| Personnel services | 1,043,773 | 953,856 |
| Material and supplies | 227,388 | 142,910 |
| Other services and charges | 1,507,833 | 1,032,360 |
| Depreciation | 1,414,758 | 1,338,135 |
| Total operating expenses | 4,193,752 | 3,467,261 |
| Net operating loss | (3,871,243) | (3,066,085) |
| Nonoperating revenues (expenses) | | |
| Intergovernmental | 1,436,718 | 2,173,267 |
| Investment earnings | 15,097 | 22,759 |
| Gain (loss) on disposal of fixed assets | (278,027) | 2,161 |
| Fundraising expenses | (84,274) | (14,901) |
| Miscellaneous revenues | 89,008 | 137,330 |
| Contributions | 11,654,007 | - |
| Other revenues - in-kind contributions | 249,484 | - |
| Other revenues - donations | 946,933 | 1,365,046 |
| Total nonoperating revenues | 14,028,946 | 3,685,662 |
| Gain before contributions | 10,157,703 | 619,577 |
| Capital contributions | 235,500 | - |
| Change in net position | 10,393,203 | 619,577 |
| Total net position - beginning of year, as restated (note D) | 25,946,624 | 26,350,088 |
| Equity contribution - Tulsa Gathering Place | 33,918,202 | - |
| Total net position - end of year | \$ 70,258,029 | \$ 26,969,665 |

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

River Parks Authority

Statements of Cash Flows

Years Ended June 30,

| | 2015 | 2014 |
|--|-----------------------|-----------------------|
| Cash flows from operating activities | | |
| Receipts from customers and users | \$ (534,082) | \$ 401,176 |
| Payments to suppliers for goods or services | (1,326,391) | (942,868) |
| Payments to employees for services | (58,779) | (1,100,771) |
| Payments to suppliers of TGP | (476,448) | - |
| Net cash used in operating activities | <u>(2,395,700)</u> | <u>(1,642,463)</u> |
| Cash flows from noncapital financing activities | | |
| Miscellaneous income | 90,758 | 149,045 |
| Receipt of subsidy from intergovernmental entities | 1,350,694 | 2,173,267 |
| Net cash provided by noncapital and related financing activities | <u>1,441,452</u> | <u>2,322,312</u> |
| Cash flows from capital and related financing activities | | |
| Contributions | 12,600,940 | 1,378,512 |
| Capital contributions | 235,500 | - |
| Purchases of capital assets | (6,659,608) | (2,792,208) |
| Proceeds from sale of capital assets | 5,522 | 2,161 |
| Net cash provided by (used in) capital and related financing activities | <u>6,182,354</u> | <u>(1,411,535)</u> |
| Cash flows from investing activities | | |
| Interest received | 15,097 | 21,632 |
| Net increase (decrease) in cash and cash equivalents | 5,243,203 | (710,054) |
| Cash and cash equivalent, beginning of year | <u>2,723,500</u> | <u>3,433,554</u> |
| Cash and cash equivalent, end of year | <u>\$ 7,966,703</u> | <u>\$ 2,723,500</u> |
| Reconciliation of operating income to net cash provided by (used in) operating activities | | |
| Net operating loss | \$ (3,871,243) | \$ (3,066,085) |
| Adjustments to reconcile net operating loss to net cash used in operating activities: | | |
| Depreciation expense | 1,414,758 | 1,338,135 |
| In-kind donation | 249,484 | - |
| Change in operating assets/liabilities: | | |
| (Increase) decrease in other assets | 16,239 | (26,554) |
| Increase (decrease) in accounts payable | (74,998) | 117,739 |
| Decrease in deferred revenue | (8,476) | - |
| Decrease in pension and other employee benefit liabilities | (119,846) | (6,005) |
| Increase (decrease) in compensated absences payable | (1,618) | 307 |
| Total adjustments | <u>1,475,543</u> | <u>1,423,622</u> |
| Net cash used in operating activities | <u>\$ (2,395,700)</u> | <u>\$ (1,642,463)</u> |

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

River Parks Authority

Statement of Net Position - Proprietary Funds

June 30, 2015

| | Authority | Foundation | Tulsa's Gathering Place | Total |
|---|---------------|--------------|----------------------------|---------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 1,157,597 | \$ 1,428,086 | \$ - | \$ 2,585,683 |
| Cash restricted for Tulsa's Gathering Place | 5,381,020 | - | - | 5,381,020 |
| Other assets | 32,487 | 10,315 | - | 42,802 |
| | 6,571,104 | 1,438,401 | - | 8,009,505 |
| Noncurrent assets | | | | |
| Capital assets (notes A6 and C) | 23,894,128 | - | 42,900,937 | 66,795,065 |
| Total assets | 30,465,232 | 1,438,401 | 42,900,937 | 74,804,570 |
| Deferred Outflow of Resources | | | | |
| Pension related resources | 86,914 | - | - | 86,914 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued liabilities | 101,466 | 10,895 | - | 112,361 |
| Accounts payable construction | 3,186,957 | - | - | 3,186,957 |
| Deferred revenues | - | 64,894 | - | 64,894 |
| Current portion of vested compensated absences | 54,147 | - | - | 54,147 |
| | 3,342,570 | 75,789 | - | 3,418,359 |
| Noncurrent liabilities | | | | |
| Vested compensated absences, less current portion | 29,577 | - | - | 29,577 |
| Other employee benefit liabilities | 138,138 | - | - | 138,138 |
| Net Pension liability | 617,378 | - | - | 617,378 |
| Total liabilities | 4,127,663 | 75,789 | - | 4,203,452 |
| Deferred Inflows of Resources | | | | |
| Pension related resources | 430,003 | - | - | 430,003 |
| Net Position | | | | |
| Investment in capital assets | 23,894,128 | - | 42,900,937 | 66,795,065 |
| Restricted - expendable | 2,194,063 | 218,402 | - | 2,412,465 |
| Unrestricted net position | (93,711) | 1,144,210 | - | 1,050,499 |
| Total net position | \$ 25,994,480 | \$ 1,362,612 | \$ 42,900,937 | \$ 70,258,029 |

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

River Parks Authority

Statement of Net Position - Proprietary Funds

June 30, 2014

| | Authority | Foundation | Total |
|---|----------------------|---------------------|----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 1,488,785 | \$ 1,234,715 | \$ 2,723,500 |
| Other assets | 3,422 | 26,554 | 29,976 |
| | <u>1,492,207</u> | <u>1,261,269</u> | <u>2,753,476</u> |
| Noncurrent assets | | | |
| Capital assets (notes A6 and C) | <u>24,757,668</u> | - | <u>24,757,668</u> |
| | <u>26,249,875</u> | <u>1,261,269</u> | <u>27,511,144</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 161,291 | 26,067 | 187,358 |
| Deferred revenues | - | 73,370 | 73,370 |
| Current portion of vested compensated absences | 61,154 | - | 61,154 |
| | <u>222,445</u> | <u>99,437</u> | <u>321,882</u> |
| Noncurrent liabilities | | | |
| Vested compensated absences, less current portion | 24,188 | - | 24,188 |
| Pension and other employee benefit liabilities | 195,409 | - | 195,409 |
| | <u>442,042</u> | <u>99,437</u> | <u>541,479</u> |
| Net Position | | | |
| Investment in capital assets | 24,757,668 | - | 24,757,668 |
| Restricted - expendable | - | 435,914 | 435,914 |
| Unrestricted net position | 1,050,165 | 725,918 | 1,776,083 |
| | <u>\$ 25,807,833</u> | <u>\$ 1,161,832</u> | <u>\$ 26,969,665</u> |

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

River Parks Authority

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

Year Ended June 30, 2015

| | Authority | Foundation | Tulsa's Gathering Place | Total |
|--|---------------|--------------|----------------------------|---------------|
| Operating revenues | | | | |
| Charges for sales and services | \$ - | \$ 322,509 | \$ - | \$ 322,509 |
| Total operating revenues | - | 322,509 | - | 322,509 |
| Operating expenses | | | | |
| Personnel services | 735,510 | 58,779 | 249,484 | 1,043,773 |
| Material and supplies | 92,055 | 133,242 | 2,091 | 227,388 |
| Other services and charges | 578,950 | 454,526 | 474,357 | 1,507,833 |
| Depreciation | 1,413,997 | - | 761 | 1,414,758 |
| Total operating expenses | 2,820,512 | 646,547 | 726,693 | 4,193,752 |
| Net operating loss | (2,820,512) | (324,038) | (726,693) | (3,871,243) |
| Nonoperating revenues (expenses) | | | | |
| Intergovernmental | 1,434,968 | 1,750 | - | 1,436,718 |
| Interfund transfers | 323,547 | (323,547) | - | - |
| Investment earnings | 12,691 | 2,406 | - | 15,097 |
| Loss on disposal of fixed assets | (278,027) | - | - | (278,027) |
| Fundraising expenses | - | (84,274) | - | (84,274) |
| Miscellaneous revenues | 89,008 | - | - | 89,008 |
| Other revenues - in-kind contributions | - | - | 249,484 | 249,484 |
| Other revenues - donations | 18,450 | 928,483 | - | 946,933 |
| Contributions for Tulsa's Gathering Place, LLC | 11,654,007 | - | - | 11,654,007 |
| Transfers to Tulsa's Gathering Place, LLC | (9,459,944) | - | 9,459,944 | - |
| Total nonoperating revenues | 3,794,700 | 524,818 | 9,709,428 | 14,028,946 |
| Gain before contributions | 974,188 | 200,780 | 8,982,735 | 10,157,703 |
| Equity contribution - Tulsa's Gathering Place, LLC | 33,918,202 | - | - | 33,918,202 |
| Transfer of equity to separate fund | (33,918,202) | - | 33,918,202 | - |
| Capital contributions | 235,500 | - | - | 235,500 |
| Change in net position | 1,209,688 | 200,780 | 42,900,937 | 44,311,405 |
| Total net position - beginning of year, as restated | 24,784,792 | 1,161,832 | - | 25,946,624 |
| Total net position - end of year | \$ 25,994,480 | \$ 1,362,612 | \$ 42,900,937 | \$ 70,258,029 |

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

River Parks Authority

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

Year Ended June 30, 2014

| | Authority | Foundation | Total |
|---|---------------|--------------|---------------|
| Operating revenues | | | |
| Charges for sales and services | \$ - | \$ 401,176 | \$ 401,176 |
| Total operating revenues | - | 401,176 | 401,176 |
| Operating expenses | | | |
| Personnel services | 913,287 | 40,569 | 953,856 |
| Material and supplies | 90,542 | 52,368 | 142,910 |
| Other services and charges | 616,440 | 415,920 | 1,032,360 |
| Depreciation | 1,338,135 | - | 1,338,135 |
| Total operating expenses | 2,958,404 | 508,857 | 3,467,261 |
| Net operating loss | (2,958,404) | (107,681) | (3,066,085) |
| Nonoperating revenues (expenses) | | | |
| Intergovernmental | 2,146,037 | 27,230 | 2,173,267 |
| Interfund transfers | 2,129,784 | (2,129,784) | - |
| Investment earnings | 19,023 | 3,736 | 22,759 |
| Gain on disposal of fixed assets | 2,161 | - | 2,161 |
| Fundraising expenses | - | (14,901) | (14,901) |
| Miscellaneous revenues | 126,551 | 10,779 | 137,330 |
| Other revenues - donations | 137,618 | 1,227,428 | 1,365,046 |
| Total nonoperating revenues (expenses) | 4,561,174 | (875,512) | 3,685,662 |
| Change in net position | 1,602,770 | (983,193) | 619,577 |
| Total net position - beginning of year | 24,205,063 | 2,145,025 | 26,350,088 |
| Total net position - end of year | \$ 25,807,833 | \$ 1,161,832 | \$ 26,969,665 |

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

River Parks Authority

Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2015

| | Tulsa's | | | Total |
|---|----------------|--------------|-----------------|----------------|
| | Authority | Foundation | Gathering Place | |
| Cash flows from operating activities | | | | |
| Receipt from customers and users | \$ (848,115) | \$ 314,033 | \$ - | \$ (534,082) |
| Payments to suppliers for goods or services | (739,690) | (586,701) | - | (1,326,391) |
| Payments to employees for services | - | (58,779) | - | (58,779) |
| Payments to suppliers of TGP | (476,448) | - | - | (476,448) |
| Net cash used in operating activities | (2,064,253) | (331,447) | - | (2,395,700) |
| Cash flows from noncapital financing activities | | | | |
| Miscellaneous income | 89,008 | 1,750 | - | 90,758 |
| Operating grants and donations | 1,434,968 | (84,274) | - | 1,350,694 |
| Net cash provided by (used in) noncapital and related financing activities | 1,523,976 | (82,524) | - | 1,441,452 |
| Cash flows from capital and related financing activities | | | | |
| Contributions | 11,672,457 | 928,483 | - | 12,600,940 |
| Interfund transfers | 323,547 | (323,547) | - | - |
| Capital grants | 235,500 | - | - | 235,500 |
| Purchases of capital assets | (6,659,608) | - | - | (6,659,608) |
| Proceeds from sale of capital assets | 5,522 | - | - | 5,522 |
| Net cash provided by capital and related financing activities | 5,577,418 | 604,936 | - | 6,182,354 |
| Cash flows from investing activities | | | | |
| Interest received | 12,691 | 2,406 | - | 15,097 |
| Net increase in cash and cash equivalents | 5,049,832 | 193,371 | - | 5,243,203 |
| Cash and cash equivalent, beginning of year | 1,488,785 | 1,234,715 | - | 2,723,500 |
| Cash and cash equivalent, end of year | \$ 6,538,617 | \$ 1,428,086 | - | \$ 7,966,703 |
| Reconciliation of operating income to net cash provided by (used in) operating activities | | | | |
| Net operating loss | \$ (2,820,512) | \$ (324,038) | \$ (726,693) | (3,871,243) |
| Operating costs of TGP paid by RPA | (476,448) | - | 476,448 | - |
| Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities: | | | | |
| Depreciation expense | 1,413,997 | - | 761 | 1,414,758 |
| In-kind donation | - | - | 249,484 | 249,484 |
| Change in operating assets/liabilities: | | | | |
| Decrease in other assets | - | 16,239 | - | 16,239 |
| Decrease in accounts payable | (59,826) | (15,172) | - | (74,998) |
| Decrease in deferred revenue | - | (8,476) | - | (8,476) |
| Decrease in pension and other employee benefit liabilities | (119,846) | - | - | (119,846) |
| Decrease in compensated absences payable | (1,618) | - | - | (1,618) |
| Total adjustments | 756,259 | (7,409) | 726,693 | 1,475,543 |
| Net cash used in operating activities | \$ (2,064,253) | \$ (331,447) | \$ - | \$ (2,395,700) |

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

River Parks Authority

Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2014

| | Authority | Foundation | Total |
|--|----------------|--------------|----------------|
| Cash flows from operating activities | | | |
| Receipt from customers and users | \$ - | \$ 401,176 | \$ 401,176 |
| Payments to suppliers for goods or services | (915,074) | (27,794) | (942,868) |
| Payments to employees for services | (594,585) | (506,186) | (1,100,771) |
| Net cash used in operating activities | (1,509,659) | (132,804) | (1,642,463) |
| Cash flows from noncapital financing activities | | | |
| Miscellaneous income | 138,266 | 10,779 | 149,045 |
| Operating grants and donations | 2,146,037 | 27,230 | 2,173,267 |
| Net cash provided by noncapital and related financing activities | 2,284,303 | 38,009 | 2,322,312 |
| Cash flows from capital and related financing activities | | | |
| Contributions | 137,618 | 1,240,894 | 1,378,512 |
| Interfund transfers | 2,129,784 | (2,129,784) | - |
| Purchases of capital assets | (2,792,208) | - | (2,792,208) |
| Proceeds from sale of capital assets | 2,161 | - | 2,161 |
| Net cash used in capital and related financing activities | (522,645) | (888,890) | (1,411,535) |
| Cash flows from investing activities | | | |
| Interest received | 17,896 | 3,736 | 21,632 |
| Net increase (decrease) in cash and cash equivalents | 269,895 | (979,949) | (710,054) |
| Cash and cash equivalent, beginning of year | 1,218,890 | 2,214,664 | 3,433,554 |
| Cash and cash equivalent, end of year | \$ 1,488,785 | \$ 1,234,715 | \$ 2,723,500 |
| Reconciliation of operating income to net cash provided by (used in) operating activities | | | |
| Net operating loss | \$ (2,958,404) | \$ (107,681) | \$ (3,066,085) |
| Adjustments to reconcile net operating loss to net cash used in operating activities: | | | |
| Depreciation expense | 1,338,135 | - | 1,338,135 |
| Change in operating assets/liabilities: | | | |
| Increase in other assets | - | (26,554) | (26,554) |
| Decrease in accounts payable | 116,308 | 1,431 | 117,739 |
| Decrease in pension and other employee benefit liabilities | (6,005) | - | (6,005) |
| Increase in compensated absences payable | 307 | - | 307 |
| Total adjustments | 1,448,745 | (25,123) | 1,423,622 |
| Net cash used in operating activities | \$ (1,509,659) | \$ (132,804) | \$ (1,642,463) |

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

Notes to Financial Statements

June 30, 2015 and 2014

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. 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 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.

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, deferred outflow of resources, liabilities, deferred inflows of resources, and net position are reported in self-balancing funds. These funds consist of:

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 Pedestrian Bridge or Zink Dam, none of which are insured for physical damage.

Notes to Financial Statements

June 30, 2015 and 2014

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

2. Fund Accounting - Continued

M.K.&T. Tulsa – Sand Springs Trail Fund

The M.K.&T. Tulsa – Sand Springs Trail Fund represents funds restricted for support of the M.K.&T. Tulsa - Sand Springs Trail. The purpose of the fund is to maintain a 5.5-mile asphalt recreation trail on the former M.K.&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 Units

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 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.

In August 2014, the Authority's Board of Trustees voted to accept the Member Interest in Tulsa's Gathering Place, LLC. Through this action, the Authority received ownership of Tulsa's Gathering Place, a privately-funded park development that will eventually encompass over 65 acres of land in an area near 31st and Riverside Drive on the east bank of the Arkansas River. The project also has numerous public infrastructure elements and both the private and public improvements are well underway and progressing steadily. The first phase of the project is estimated to be completed in late 2017. As a wholly-owned subsidiary of River Parks Authority, financial activity for Tulsa's Gathering Place, LLC is reported annually beginning with the June 30, 2015 fiscal year-end. For financial reporting purposes, it is a blended component unit and is included as an enterprise fund of the Authority.

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.

Notes to Financial Statements

June 30, 2015 and 2014

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

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.

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

Notes to Financial Statements

June 30, 2015 and 2014

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

7. Net Position

The net position of the Authority is classified into the following components:

- *Investment in capital assets* – Consists of capital assets, net of accumulated depreciation. There are no outstanding balances for notes or other borrowings attributed to those assets.
- *Restricted net position* – Consists of net position with constraints placed on the use either by external groups, such as contributors, or by laws and regulations. Restricted net position classified as expendable represent amounts for which the donor has specified the purpose for which the contributed components of net position are to be used.
- *Unrestricted net position* – All other assets that do not meet the definition of “restricted” or “net investment in capital assets.”

When an expense is incurred for purposes for which both components of restricted and unrestricted net position 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 and Pensions

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. 68, *Accounting and Financial Reporting for Pensions*, an amendment of Government Accounting Standards Board Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees’ Retirement Plan (MERP) and additions to/deductions from MERP’s fiduciary net position have been determined on the same basis as they are reported by MERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Notes to Financial Statements

June 30, 2015 and 2014

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.

The Authority also receives contributions for the construction of Tulsa's Gathering Place. The funds are recognized as non-operating revenue. Construction costs are transferred to the Tulsa's Gathering Place fund upon payment of the costs.

12. Subsequent Events

The Authority has evaluated subsequent events through February 10, 2016, the date the financial statements were available to be issued.

Note B – Cash and Cash Equivalents

The cash and cash equivalents of the primary government, River Park Authority is held in funds pooled with the City of Tulsa. Information regarding the City's pooled cash is available in the City's audited financial statements.

The cash and cash equivalents and restricted cash of the blended component units are held in a financial institution. The amounts are subject to credit risks related to bank deposits. Amounts on deposit in the blended component units exceed Federal Deposit Insurance Corporation limits. No losses have been or are expected to be incurred.

River Parks Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note C – Capital Assets

A summary of changes in capital assets during the years ended June 30, 2015 and 2014 are as follows:

| | July 1, 2014 | Acquisitions | Sales or Dispositions | Transfers | June 30, 2015 |
|---------------------------------------|---------------|---------------|--------------------------|-----------|---------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 3,767,291 | \$ 21,719,931 | \$ - | \$ - | \$ 25,487,222 |
| Construction in progress | 1,626,885 | 21,540,571 | (1,250,433) | - | 21,917,023 |
| Sculptures and artwork | 1,871,929 | 96,800 | (89,897) | - | 1,878,832 |
| Capital assets being depreciated: | | | | | |
| Lease/land improvements | 28,773,003 | 1,243,229 | (2,215,416) | - | 27,800,816 |
| Buildings | 1,469,891 | 202,138 | - | - | 1,672,029 |
| Equipment | 846,241 | 100,635 | (4,371) | - | 942,505 |
| | 38,355,240 | 44,903,304 | (3,560,117) | - | 79,698,427 |
| Accumulated depreciation | (13,597,572) | (1,414,758) | 2,108,968 | - | (12,903,362) |
| Total | \$ 24,757,668 | \$ 43,488,546 | \$ (1,451,149) | \$ - | \$ 66,795,065 |

| | July 1, 2013 | Acquisitions | Sales or Dispositions | Transfers | June 30, 2014 |
|---------------------------------------|---------------|--------------|--------------------------|-----------|---------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 3,767,291 | \$ - | \$ - | \$ - | \$ 3,767,291 |
| Construction in progress | 238,136 | 1,461,546 | - | (72,797) | 1,626,885 |
| Sculptures and artwork | 1,871,929 | - | - | - | 1,871,929 |
| Capital assets being depreciated: | | | | | |
| Lease/land improvements | 27,507,646 | 1,219,878 | (27,318) | 72,797 | 28,773,003 |
| Buildings | 1,468,627 | 5,098 | (3,834) | - | 1,469,891 |
| Equipment | 778,999 | 105,686 | (38,444) | - | 846,241 |
| | 35,632,628 | 2,792,208 | (69,596) | - | 38,355,240 |
| Accumulated depreciation | (12,329,033) | (1,338,135) | 69,596 | - | (13,597,572) |
| Total | \$ 23,303,595 | \$ 1,454,073 | \$ - | \$ - | \$ 24,757,668 |

Tulsa's Gathering Place acquisitions for 2015 consist of the following:

| | |
|---------------------------------------|----------------------|
| Capital assets not being depreciated: | |
| Land | \$ 21,719,931 |
| Construction in progress | 20,704,068 |
| Capital assets being depreciated: | |
| Buildings | 202,138 |
| Equipment | 51,347 |
| | <u>\$ 42,677,484</u> |

Notes to Financial Statements

June 30, 2015 and 2014

Note D – Retirement Plan and Pension

In June 2012, The Governmental Accounting Standards Board issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement was effective for fiscal years beginning after June 15, 2014. The adoption of the standard, as amended, added deferred outflows and inflows related to delayed recognition changes to the net pension liability and the recognition of the Authority's share of net pension liabilities. The net effect of these changes on beginning net position was a reduction of \$1,023,041. This change is comprised of the net pension liability of \$612,229 plus deferred inflows of \$460,350 less previously recognized net pension obligation of \$49,538.

1. *Plan Description*

Employees of the Authority are provided with pensions through the Municipal Employee Retirement Plan (MERP)—a cost-sharing multiple-employer defined benefit pension plan administered by the City of Tulsa (City). MERP provides retirement, disability and death benefits which are established by City ordinance to plan members and beneficiaries. MERP's financial statements and required supplementary information are included in the City of Tulsa's Comprehensive Annual Financial Report (CAFR). The report may be obtained by writing to the City of Tulsa Controller, 175 E. 2nd Street, Tulsa, Oklahoma 74103.

2. *Benefits Provided*

MERP provides retirement, disability, and death benefits. Retirement benefits are determined based on the employee's highest 30 months of pensionable wages during the last five-years of service and a multiplier based on the years of service. Employees are eligible for full retirement at age 65 and at least 5 years of service or when the years of service plus the employee's age equals or exceeds 80. Reduced benefits are available after age 55 and 5 years of service (Early retirement). Benefits for Early retirement are reduced 2.5% per year prior to age 65. Five years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as normal retirement with additional service credited during the period of disability. Death benefits for vested participants are, at the spouse's election, a refund of contribution plus interest or a life annuity of 50% of the member's accrued benefit determined based on final average earnings and service as of the date of death.

3. *Contributions*

Contributions are set per City of Tulsa ordinance. Employees are required to contribute 6.5 percent of their pensionable wages for the year ended June 30, 2015. The Authority is required to contribute 11.5 percent of pensionable wages for the year ended June 30, 2015. Contributions to the pension plan from the Authority were \$61,781 for the year ended June 30, 2015.

Notes to Financial Statements

June 30, 2015 and 2014

Note D – Retirement Plan and Pension - Continued

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Authority reported a liability of \$617,378 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. Standard update procedures were used to roll forward the total pension liability to June 30, 2015. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2015, the Authority's proportion was 0.4929 percent, which was a decrease of 0.0551 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the Authority recognized pension gain of \$48,598. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual plan experience | \$ - | \$ 38,113 |
| Changes of assumptions | - | 211,807 |
| Net difference between projected and actual earnings on pension plan investments | 86,914 | 95,087 |
| Changes in proportion and differences between Authority's contributions and proportionate share of contributions | - | 84,996 |
| Total | <u>\$ 86,914</u> | <u>\$ 430,003</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (gain) as follows:

Year ended June 30:

| | |
|------|---------------------|
| 2016 | \$ (112,553) |
| 2017 | (112,553) |
| 2018 | (112,553) |
| 2019 | (5,430) |
| | <u>\$ (343,089)</u> |

Notes to Financial Statements

June 30, 2015 and 2014

Note D – Retirement Plan and Pension - Continued

5. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 3.25 percent |
| Salary increases | 4.25 to 13.70 percent, including inflation |
| Investment rate of return | 7.75 percent compounded annually, net of investment expense and including inflation |

Mortality rates were based on the 1994 Group Annuity Mortality Tables, set forward 2 years for males and one year for females.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the four-year period ending December 31, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|--------------------------|---|
| Fixed income | 34% | 1.75% |
| Domestic equity | 31% | 7.04% |
| International equity | 21% | 7.10% |
| Real estate | 7% | 5.15% |
| Commodities | 3% | 0.50% |
| Timber | 4% | 4.65% |
| Total | 100% | |

Notes to Financial Statements

June 30, 2015 and 2014

Note D – Retirement Plan and Pension - Continued

6. Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Authority will be made as specified in the MERP funding policy. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

| | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|--|--------------------------------|--|--------------------------------|
| Authority's proportionate share of the net pension liability | \$ 906,839 | \$ 617,378 | \$ 370,603 |

8. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the City of Tulsa’s Comprehensive Annual Financial Report, which can be located at www.cityoftulsa.org.

Note E – Other Post-Employment Benefits

The City provides post-employment health care benefits for retired employees and their dependents through the City of Tulsa Post-Retirement 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.

Notes to Financial Statements

June 30, 2015 and 2014

Note E – Other Post-Employment Benefits - Continued

The actuarial valuation of liabilities under the Plan is calculated using the entry age normal cost method as of the July 1, 2014 and 2013 actuarial valuations. This method requires the calculation of an unfunded actuarially accrued liability, which was approximately \$12,180,000 and \$14,216,000 for the City as of June 30, 2015 and 2014, 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, 2015 and 2014 were \$1,207,000 and \$1,376,000, respectively, of which \$618,000 and \$1,332,000 were paid on a pay-as-you-go basis in 2015 and 2014, respectively. The Authority was allocated \$138,138 and \$145,871 of the net OPEB obligation for the fiscal years ending June 30, 2015 and 2014, which has been reflected in the financial statements. The amount allocated to the Authority is based on the number of active eligible employees of the Authority compared to the total number of 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 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 and the available financial resources of the granting entities. Total grants received by the Authority for the years ended June 30, 2015 and 2014 were \$1,313,798 and \$1,949,717, respectively.

Note G – Commitments and Contingencies

The Authority leases administrative office space in a building located at 2424 East 21st Street, Suite 300. A four-year lease was signed with the building's owner, Acron 21 Lewis Plaza Limited Partnership, effective April 1, 2013. The lease term provides for monthly payments of \$2,958 for a term of four years.

Notes to Financial Statements

June 30, 2015 and 2014

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:

| Type of Loss | Method Managed | Risk Retained |
|--|--|--|
| Tort Claims | Purchased insurance covering: general liability, automobile liability and liquor liability | No deductibles |
| Railroad Liability | Purchased general liability specific to location on Turkey Mountain where active rail line crosses recreation trail | \$5,000 deductible |
| Physical Property Loss and Natural Disasters | Purchased casualty loss covering: playgrounds, buildings and contents | \$50,000 deductible, per occurrence |
| | Equipment | \$500 deductible |
| | Purchased flood insurance covering: buildings and contents | \$3,000 deductible |
| | Self-insurance for the Pedestrian Bridge and Zink Dam | Total book value of assets is \$9.6 million; estimated pooled cash for self-insurance at 6-30-15 - \$450,000 |
| | Purchased automobile comprehensive and collision coverage | \$500/\$1,000 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 Etc. | Purchased insurance providing life, health, dental, and similar benefits to qualified employees through group policies of the City of Tulsa. The Authority shares the cost of these benefits with its employees. | None |

Notes to Financial Statements

June 30, 2015 and 2014

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 (OMAG), a risk entity pool for political subdivisions of the State of Oklahoma. Coverage on park playgrounds, buildings, structures and applicable contents is also with OMAG. Flood insurance coverage on park restroom buildings and the Authority's maintenance facility is provided through the National Flood Insurance Program and other companies. The Authority's workers compensation insurance is provided by CompSource Mutual Insurance Company. An employee dishonesty policy is written by The Ohio Casualty Insurance Company. A railroad liability is written through Liberty Surplus Insurance Corporation and a commercial property policy covering the Authority's leased administrative office space is written by Foremost Insurance.

1. Risk Entity Pool

The Authority participates in the Oklahoma Municipal Assurance Group (OMAG) Liability Protection Plan which offers insurance agreements covering 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 eligible 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, 2015 and 2014

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 of Tulsa. 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 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 held in a separate account and the remaining available funds of \$317,331, are held in the Authority's general cash account. 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 31.

Note I – Recent Accounting Pronouncements

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. It establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Note disclosure and RSI are also addressed. The Statement replaces Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

**REQUIRED
SUPPLEMENTAL INFORMATION**

River Parks Authority

Required Supplemental Information

Schedule of Proportionate Share of the Net Pension Liability - last 10 fiscal years*

As of Plan Year-end of June 30,

| | 2015 | 2014 |
|--|------------|------------|
| Authority's proportion of the net pension liability | 0.4929% | 0.5480% |
| Authority's proportionate share of the net pension liability | \$ 617,378 | \$ 612,229 |
| Authority's covered-employee payroll | \$ 537,223 | \$ 617,106 |
| Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 114.9% | 99.2% |
| Plan fiduciary net position as a percentage of the total pension liability | 77.1% | 79.3% |

* Note - Only the current and prior fiscal years are presented because 10-year data is not available.

River Parks Authority

Required Supplemental Information

Schedule of Contributions - last 10 fiscal years*

June 30,

| | 2015 | 2014 |
|---|------------|------------|
| Contractually required contribution | \$ 61,781 | \$ 61,711 |
| Contribution in relation to contractually required contribution | \$ 61,781 | \$ 61,711 |
| Contribution deficiency (excess) | \$ - | \$ - |
| Authority's covered-employee payroll | \$ 537,223 | \$ 617,106 |
| Contributions as a percentage of covered-employee payroll | 11.5% | 10.0% |

* Note - Only the current and prior fiscal years are presented because 10-year data is not available.



**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, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the River Parks Authority (the "Authority") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 10, 2016.

Internal Control over Financial Reporting

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

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tulsa, Oklahoma
February 10, 2016

Stanfield & O'Neil P.C.